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The Week

PRESIDENT Hoover, who has been consulting Mr. John Barton Payne of the Red Cross and Secretary Doak about the relief of unemployment next winter, appears to be somewhat troubled by the unanimous reports from all those in a position to know, that the plight of the millions out of work will be desperate, while local sources of relief are drying up. The Community Chests, the American Federation of Labor, and the mayors of many cities have testified to this effect. So far, the only result of these conferences appears to be renewed declaration from administration sources that the responsibility for relief is local, plus a statement that the President is "coördinating" federal unemployment activities. Coördination is a good word, but it is no substitute for money, meat and bread. Why is the responsibility for relief local only? Industries are not local; the disorganization of the system which produces unemployment is not local; profits are not local; and local communities do not tap profits and large incomes with the income tax. There is only one credible reason for the administration's attitude—its desire not to increase this tax. To further his political prospects, the President is blinding himself to the coming emergency just as he has blinded himself to other aspects of the depression. We expect that he will continue to do so until it is too late. The only chance of adequate relief for the unemployed is a strong opposition in Congress.

BY CUTTING dividends but not cutting wages, the United States Steel Corporation made a gesture in dramatic contrast with the action of the same corporation in the depression of 1921, when it cut wages without cutting dividends at all. The management of the company is adhering as loyally as possible to the principle which it has loudly proclaimed. Credit is due for this action. At the same time, the corporation seems a little like the rich and honorable old gentleman who is trying to prove, by means of philanthropic gifts out of his abundance, that there is nothing wrong with the economic order. The Steel Corporation has never recognized the right of its employees to organize, and by collective dealing to have anything to say about wages, hours or anything else. It has never deviated from the accepted doctrines of those who uphold private enterprise: such things as unemployment insurance are quite outside its ken, to say nothing of any approach to socialized planning of industry which would minimize the existence of unemployment and produce a more equitable distribution of income. It has always been a beneficiary and supporter of the tariff. Those who have not the means of this old gentleman cannot follow his example; what he contributes is not enough; and it is doubtful how long he himself can continue thus to exercise his virtue.

THE Colorado Fuel and Iron Company, which, in spite of the wealth of its chief owner, John D. Rockefeller, is by no means so prosperous as U. S. Steel, has led a movement for a 20 percent cut in miners' wages in Colorado. This action is protested in a letter to John D. Rockefeller, Jr., from Miss Josephine Roche, owner of the second largest mining property in the state, The Rocky Mountain Fuel Company. "For forty years,"

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writes Miss Roche, "industrial conflict has periodically broken out in Colorado as a result of similar attempts to secure operating profits at the sole expense of the workers. . . . The disorganization and chaos of the coal industry cannot be corrected by forcing labor to take lower wages, and by sidestepping the responsibility for correcting, operating and marketing abuses which exist in the industry." Miss Roche, whose own company pays the highest wages in the state and has not cut them, is no mere philanthropist like the owners of the U. S. Steel. Her company recognizes and deals coöperatively with the miners' union. Under this arrangement it has materially increased productivity, reduced unit costs, and maintained its tonnage in a year when the state's coal production fell about 25 percent. She does not believe in the cut-throat competition of price wars and wage-slashing. We wish that Mr. Rockefeller, his executives and advisers, could share something of her intelligence. If this sort of thing can be done in one company, what might not be done if the industry as a whole would submit to intelligent coördination in pursuit of humane objectives?

IN England a new plan for reorganization of coal has just been announced by a governmental committee of which Sir Ernest Gower is chairman. Like all the other plans which have the slightest element of common sense, it demands drastic reorganization and centralization of control. Britain would be divided into six coal areas, each of which would be treated as a unit, under a single management. Uneconomic mines would be abandoned. The fact that a plan of this sort demands the permanent exclusion from the industry of perhaps 100,000 miners is no proof that it is not desirable; there are too many miners to be employed under decent conditions in any case, and it is far better that other employment should be found for them. We have not the slightest faith, however, that the coal interests will accept this plan or be able to carry it out, any more than they would accept the recommendations of the Sankey Report or any other scheme which interfered with their cherished and anarchic individualism. There is no salvation for the industry or the miners, whether in England or the United States, except through some form of nationalization. And that will probably have to be compulsory, if ever it is to be put into effect.

ACCORDING to the Federal Reserve Board, 684 banks failed in the first six months of this year, involving deposits of $453,994,000. Though this peak may be attributed to the current depression, banks are not all safe during "prosperity," as is proved by the fact that the past decade has seen 6,533 commercial bank failures, with deposits of $2,939,825,000 tied up. Before last year, more than 40 percent of the financial institutions of South Dakota, South Carolina, Montana and New Mexico had gone to the wall. Six other states lost between 30 and 40 percent of their banks, and fourteen between 10 and 30 percent. Altogether, about a quarter of the banks in the country have failed. This is due not merely to mismanagement, speculation or unlawful acts on the part of bank officials. It is part of the tribute we pay to our regime of competitive individualism, which favors the existence of small and weak institutions, while it produces enormous inflation and deflation of prices, and distress for great industries like agriculture, thus making unsafe even what are supposed to be the most conservative investments. "Progress," said Newton D. Baker at Williamstown, "is a function of freedom." Here is one sample of our progress—and our freedom.

THE past week in Canada has seen the airing of one of the blackest political scandals in the country's history, in connection with the Beauharnois project for developing the St. Lawrence River power. In prompting this plan, private interests, working in collusion with outstanding politicians, seem to have watered the capital of the company to the tune of some $7,000,000, the gains from such transactions being handed out freely to those who aided in the granting of the invaluable power rights. Moreover, as the president of the Beauharnois admitted to the parliamentary committee, approximately $700,000 was contributed directly to the Liberal party chest, through Senators McDougald, Haydon and Raymond; other large sums were paid to the Conservative party as well; while "fees" of $125,000 to $200,000 at a time were turned over to high public officials. Ex-Premier W. L. Mackenzie King, is among those whose political reputation is at present clouded through his connection with the affair. Public opinion is tremendously aroused by these sensational disclosures of bribery. There is a clamor for legal prosecution; above all, for the Dominion government's taking over the Beauharnois enterprise. This development, which was strictly a private affair, having contracts to sell power to publicly owned electric companies, is in any case to be thoroughly reorganized. It will long be remembered as a notorious example of the practices of private capitalism in the public-utility field, one that offers the most painful contrast to the honorable records of Canada's publicly owned electric companies.

SCARFACE Al Capone in the toils of the law, menaced with a long sentence in federal prison for evasion of income tax payments, makes exciting drama as always. It is an ironical commentary upon our legal machinery that the king of gangdom is to be punished—if at all—not for his large-scale operation of brothels, or for the curious habit developed among his business rivals of being found dead, but primarily for the technical crime of failing to pay taxes on his huge income. It is still more ironical that he seems to have submitted himself voluntarily to trial (as if he could not otherwise be

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apprehended); and the belief prevails that a "bargain" was struck with the Department of Justice, whereby Capone was to receive a "lenient" sentence of two or three years by entering a plea of guilty. But at the last moment, owing to cries of scandal, and calls for the maximum penalty in his case, which may be up to thirty-two years, he has been led to plead not guilty, so that trial has been postponed to September 8. The rumors persist, in the meantime, that gangdom's chief wishes to retire. His lieutenants are scattered or imprisoned; business cares have weighed heavily upon his head; and besides, he is now so rich that he has, like many capitalists, little incentive to do anything but travel abroad, collect art-treasures, or go sun-bathing in Florida. The happiest way of retirement from the "racket" would be a peaceful prison term of a few years. But would the passing of the king truly alter conditions in the great American industry which exists beyond the law? Observers on the Chicago front have long maintained that Al Capone was only a figurehead, a man set on a pedestal for the rank and file of the liquor racket, since there are no institutions of justice in the half-world whereby order might be preserved. Capone, for years, has served as dictator, Chamber of Commerce and Supreme Court, all in one, with the coöperation of most of the big men in the business except a few malcontents like Mr. Bugs Moran. Neither the Eighteenth Amendment nor the Volstead Act made provisions for such services as Capone faithfully discharged; and it is as plain as the nose on your face that if he should pass, another master-mind of crime would appear to wear the crown of the fallen king.

STRIKES in the silk industry, which began in Pennsylvania and Rhode Island, have spread to Paterson, New Jersey, the greatest silk center of all. This city has in the past often been the scene of strikes, but no union has ever been able to establish itself firmly there, raise the standards of the workers and introduce elements of order into labor relations. The result is, as in so many other departments of the textile industry, constant downward pressure on wages and conditions until a spontaneous revolt flares up. This time there are two groups attempting to gain the leadership of the strikers and set up permanent organizations among them. One is, of course, the Communists with their National Textile Workers' Union. The other is the A. F. of L. organization, the United Textile Workers, which has succeeded in negotiating a merger with a local independent union, the Associated Textile Workers. This combination is being led by two able labor progressives, A. J. Muste, President of Brookwood Labor College, and Louis Budenz, formerly editor of Labor Age and successful leader in other branches of textile labor. These men are active, intelligent, enthusiastic and, of course, incorruptible. So far, according to reports, their following is much more numerous than that of the Communists. It will be interesting to see what the regular union can do in a situation like this with leadership of this type. For frequently, of late, the A. F. of L. organizations have been handicapped in competition with the Communists by the fact that the latter possessed all the fire and most of the ideas.

THE report of the Committee on Labor Injunctions, formed by the American Civil Liberties Union to push model bills to end this abuse, shows gratifying progress. The bill was introduced in whole or in part in eighteen state legislatures this year. As previously reported in The New Republic, Wisconsin has passed the desired legislation in its entirety, and now has all the recommended remedies. Pennsylvania, in spite of a Senate hostile to the administration of Governor Pinchot, passed two items of the program, which have now become law; the outlawing of yellow-dog contracts still remains to be achieved. Four other states, however, Arizona, Colorado, Ohio and Oregon, have accepted this part of the program without the rest. In Indiana a similar bill was passed but vetoed. The Committee reports that the passage of the yellow-dog bill in these states was due chiefly to the agitation against the Parker appointment to the Supreme Court. Much work remains to be done. Three legislatures are still in session or will meet this summer. Seven more will meet in January, 1932; in two of these states, New York and Massachusetts, the State Federations of Labor have made the bills a part of their program. And the federal anti-injunction bill will come up in Congress, with chances of passage favorable. The Committee has spent only $2,800, all services having been volunteered except those of a part-time secretary. For its future work it will have to appeal for funds. Certainly any money it receives will be well spent.

IN Canada, the movement to nationalize the radio broadcasting facilities has recently gathered great force under the leadership of the Canadian Radio League, which is a listeners' organization. It has been stimulated, on the one hand, by the backward state of radio itself, reflected in sparse program hours and low transmitting power; and on the other, by patriotic fear of submergence under the high-powered air propaganda of American broadcasters. The group working for public ownership has obtained a favorable government report and won many adherents to its proposal for a federal chain of stations, charging a license fee of $3 a year to each owner of a receiving set and guaranteeing in turn, non-commercial musical, dramatic and educational programs of high quality. Mr. Graham Spry, chairman of the Canadian Radio League, in a recent address at Columbus, Ohio, pointed to the success of small publicly-owned stations in certain provinces of Canada, as well as the government monopolies in England, Germany and

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twenty other countries. Our own commercially operated radio stations, as everyone knows remain for the most part on a low intellectual level and continue to devote much of their time to nauseating sales-talk on behalf of the advertisers who keep them alive. Incidentally, Americans should be humiliated to know that, according to Mr. Spry, powerful broadcasting groups in this country are engaged in active propaganda against the public-ownership movement in Canada. It is bad enough that we should permit a medium which clearly should have been devoted to the finest human arts to be degraded for the distribution of soap and toothpaste. It is far worse that our radio capitalists should exert pressure, through the air, upon the opinion of a neighboring country, in an attempt to enforce our own dull merchandizing spirit upon it.

Leaders—Russian and American

IN TWO countries the leaders face new economic problems. The problems are not the same. Russia is finding that she has not produced, in all branches of her industry, as greatly increased an output as she had planned. The United States has discovered that she cannot distribute anywhere near all she can produce. In spite of the difference of the problems, it is interesting to see how the leaders of the two countries tackle them.

A full translation of Joseph Stalin's speech of July 5 has just appeared in The Soviet Union Review. It furnishes a good deal of justification for the comment that Russia, in the practical development of her industry, is being forced to veer from the absolutes of Communism in the direction of techniques established by capitalist business. In parts it sounds like the common sense of a shrewd industrial manager anywhere.

There are six main new conditions to be faced. The first is that there is a labor shortage instead of a labor surplus. Formerly the unemployed came to the factories of their own accord, and peasants drifted in from the villages. But now the unemployed have been absorbed, and the new activity of the collective farms has furnished more attraction for the peasants. Two changes of employment policy are therefore recommended. One is that of making contracts between industrial establishments and peasant collectives, according to which the peasants may do industrial work in the slack farming seasons—a method of interchange between agricultural and industrial labor long discussed in this country and practised successfully in a few places. The other policy is the mechanization of the most difficult labor processes, a measure long since introduced elsewhere to meet labor shortage—particularly in the United States after restriction of immigration.

The next problem is to reduce labor turnover and create a permanent staff for each establishment, in order to minimize the necessity for training and to improve efficiency. The chief remedy proposed is to introduce more differences in wage scales corresponding with training and ability, so that the more skilled will not be led to seek better terms elsewhere and the less skilled will be induced to remain and earn promotion. In addition, the standards of living must be improved—more goods and better housing must be provided everywhere to satisfy the natural demand of the emancipated workers for improvement. This is a striking evidence that Soviet policy is turning to the psychology of inducement, instead of practising "forced labor," as many of its critics charge.

The third condition concerns proper organization of labor about the job. "We still have," complains Stalin, "a number of enterprises where the organization of work is very poor; where instead of order and correlation of work we have disorder and confusion; where instead of individual responsibility for work and equipment there is a complete reign of irresponsibility." Workers must be given definite tasks, they must be made responsible for the care of machines, lathes and instruments. Where the continuous working week interferes with this proper organization, as it has in some places, because the shifts have not been properly arranged, it must be abandoned in favor of the old six-day week, with one rest-day, until conditions have been improved. Industrial directors cannot abolish irresponsibility "by speeches and curses. . . . I think that it would be far better if our industrial managers, instead of devoting their time to speeches and curses, would settle down for a month or two, let us say in a mine or factory, study all the details and 'trifles' in the organization of work, do away with irresponsibility right there on the spot, and then spread the experience of their enterprise to other factories." In other words, engage in practical scientific management.

Russia must also meet the necessity for a larger technical and engineering force, which goes with the development of heavy industry. This requires, not merely the higher education of workers, for which the government is providing the facilities, but the recognition of talent and energy wherever it arises. Non-party members must be promoted wherever they deserve it, while Communists who show less initiative and capacity must not be promoted. "Our policy is not to transform the party into a closed caste." As Stalin is the head of the party, the political boss of Russia, this is a most important declaration of policy. It is a renunciation of both narrow sectarianism and anything approaching the spoils system. Unfortunately, in the realms in which our political bosses have power, they have not acheived this measure of efficiency. American industry, also, is much hampered by favoritism.

Stalin likewise recommends that the engineers and technicians of the old school be encouraged and

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aided, now that sabotage has been suppressed. This class, he says, is turning to the Soviet government.

The new industries must bear their financial share in the development of the country. This means rigorous accounting, putting each enterprise on its own feet, reduction of costs. Enterprises must not rely on credit from the Gosbank to cover losses. "Internal accumulation" within industry is the goal —in other words, surplus reserves are to be set aside out of profits. A perfectly good capitalistic practice.

Finally, large, unwieldy combinations of factories must be broken up, for purposes of good management, into smaller combinations. And industrial concerns must not be managed by committees, but by responsible individuals. "It is time to stop paper 'leadership' and get down to real businesslike Bolshevist work." The combination of the two words "businesslike" and "Bolshevist" sounds strange to American ears, but there is no doubt that Stalin means "businesslike" in exactly the ordinary sense in which we use it.

How easy to conclude, as many of our commentators do, that Communism, in order to produce, is simply becoming capitalistic, and that it will gradually adopt all the features of the regime we have developed! But the considerations with which Stalin here deals rest on the assumption that there is order and planning on a larger scale, that these details will fit into a picture. The surplus profits to be made by the trusts will not be employed in a haphazard manner, whether for stock dividends and luxury expenditures by fortunate individuals, or for unregulated investment in productive enterprises. They will be used to build a coördinated system of production and distribution. If industry produces more efficiently and more cheaply, it is intended that the workers shall derive the benefit, through higher wages and lower prices. It is not contemplated that unsalable surpluses of goods will be created, either by unbalanced overdevelopment of a few industries, or by a hiatus between the prices of stocks of goods on the one hand and inadequate popular purchasing power on the other.

Mechanical industry imposed on human nature, if it is to work, creates requirements of its own. These requirements do not square with all the preconceived doctrines of theoretical Communism. Neither do they square with all the stiff maxims of traditional capitalist theory. Stalin has shown his readiness to be realistic, to learn what industrialism requires. "Since when," he asks, "have Bolsheviks begun to fear the truth?" But our leaders are not so realistic about the problems which face them. They repeat the old formulas about freedom and individualism, without seeing that these things are merely phrases on paper unless operating within the framework of an engineered, coördinated industrial order. We do not have freedom unless we have a system which will, in the first place, keep people employed, fed and housed, and will, in the second place, make sure that the advances of technology really serve the desire of human beings for a better life. If the Russians need to learn and apply the arts of differential rewards for labor, of fixed responsibility, of the development of skill and technique, of promotion by merit, of accounting, individual management and decentralized operation, we, who have mastered these elementary conditions of modern production (though we frequently do not practise them), need to learn about planned development, the coördination of industries with one another, the intelligent direction of capital investment for the social good, the equitable and workable distribution of income. These are no less inherent conditions of success in a machine civilization than the more detailed arts of management. And we are further from adaptation to them than the Russians appear to be from adapting themselves to the conditions we have learned to master. What is more important, we refuse to face the truth or make any effort to deal with it.

Witness Newton D. Baker at Williamstown. Russia, he says, is by her Five Year Plan merely trying to catch up with the rest of us. "For an already great industrial nation to plan its future development is a very different thing, and whether there can be wisdom enough to plan an economic future for the United States or the world seems very doubtful indeed." Neither the United States nor England has been able to organize its coal industry, says Mr. Baker, or "to make any plan for organizing it" which gives the "slightest promise" of stability. (The latter part of this statement is flatly untrue. In both nations admirable plans have been suggested; what is lacking is the courage or inclination to take any step toward their adoption.) "Progress," continues Mr. Baker, "is a function of freedom. While we may not definitely plan the direction or speed of progress, we can coöperate in efforts to establish those conditions of freedom under which progress is possible." A weak and shuffling answer to the state of the world, which Mr. Baker must see if he will only look!

Likewise David F. Houston, in denouncing the proposal of national planning, recently said:

> What folly! What man or group of men in this country would know how to direct all, or many, of the leading activities of this great nation; and who is so innocent as to assume that, if they were to make a plan, our people would follow it, unless they could be made slaves? Certainly the federal government could not formulate or direct such a plan. It is none too successful in discharging its constitutional functions. It cannot even run a routine business like the Post Office without a huge deficit.

Such defeatist sentiments are expressed continually by responsible leaders in this country, in reference to any proposal to do anything real about the disastrous confusion of our economy.

How different is the spirit of Stalin, when he

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says, "The difficulties . . . cannot disappear by themselves. They can disappear only as a result of our own efforts." And how much more genuine and inspiring, when he summarizes the Russian program at the end of his speech in the words, "It would be silly to think that the production plan led merely to an enumeration of figures and tasks. In reality our production plan is—millions of workers creating a new life. The reality of our program is living people—it is you and I and all of us—our will to work, our readiness to adopt new methods, our determination to carry out the plan. Is there that determination among us? There is. Then our production program can and must be realizable."

Government by Gangster?

NEW YORK CITY is in the midst of a hysterical campaign against gangsters. An automobile laden with gunmen last week sped through a crowded tenement district on the upper East Side; the men were trying to put an enemy on the spot but they aimed so wildly that instead they wounded five small children, one of whom subsequently died. The city, which has looked on with bored indifference while hundreds of adults have been slain, was touched by this slaughter of the innocents. The sensational press has leaped to the opportunity for a great crusade in the middle of a hot, dull summer; it has plastered its pages with pathetic pictures of murdered children and gorilla-like gangsters and filled its editorial columns with demands that the police should do something. Commissioner Mulrooney has responded by calling his patrolmen together in a mass-meeting and admonishing them to shoot "above the belt" all gangsters whom they catch committing crimes, on the principle of "bring 'em in dead or alive but preferably dead." He has issued daily statements that the men who shot the children are on the eve of being captured.

The new policy which he has ordered is, of course, a piece of melodramatic nonsense which can do little good though it may accomplish much harm. The chance that any policeman will happen upon any gangster in the midst of a murder is very small indeed; and if this occurred, the officer by long custom would use his gun, even without Mr. Mulrooney's new order. In general, the rule to shoot above the belt will either be ignored, or it will be carried out at the expense of second-rate crooks engaged in minor crimes—and of the innocent bystander who usually bears the brunt of the punishment in the guerilla warfare of our city streets. There is no evidence that the present big bow-wow has frightened any gangster; on the contrary, the killings have gone on in New York at the usual rate since the edict was published.

The New York Police Department, not unnaturally, overlooks the fact that its members are tied by the closest of bonds to the largest and most important group of gangsters, those engaged in one aspect or another of the bootleg liquor trade. There cannot be a grown man or woman in New York who does not share the general knowledge that the police are in receipt of weekly bribes amounting to hundreds of thousands of dollars, by virtue of which they permit the city's 20,000 or 30,000 speakeasies to do business. Not every policeman is dishonest; but enough of them are to make the system work with one-hundred percent efficiency. (It goes without saying that they do not retain all, perhaps not even the larger part, of the graft which passes through their hands; they act as collecting agents for the higher-ups including, undoubtedly, important politicians connected with Tammany Hall.) The police certainly will not destroy this system, which is so remunerative to them. Neither will the politicians who stand behind them. And if Tammany Hall should be turned out at the next election and succeeded by a reform administration, which (against the just-uttered advice of the Wickersham Commission) proceeded to put the police department in new hands, nothing is more certain than that bribery by bootleggers would spring up anew and in a few months' time be about as bad as ever.

It is the fashion to blame the present predominance of gangdom upon the Prohibition law; and certainly this is largely true. But there are other factors which are of great importance. One of these is the importation from Southern Italy of the methods of the Mafia as well as a number of its important practitioners. Another is the presence, in our city slums, of first-generation children of immigrants, who have broken entirely away from the control of their "greenhorn" parents and give loyalty to the street gang because nothing else is even offered them. The War, which derogated the value of human life while teaching millions how to handle firearms, is also of importance. So is the wide use of automobiles, which has enabled gangs to operate on an interstate basis, has furnished a new and highly efficient method of committing murder without detection, and has made the getaway from the scene of any crime a simple matter.

But perhaps most important of all is the alteration of public ethics in America during recent decades. We have come to be increasingly dominated by the standards of the business man; and these, as John T. Flynn shows in the series of articles we are now publishing, only too often boil themselves down into "get the money." When the oil scandals of the Harding regime were exposed, there was little genuine public anger against them; criticism came in the main from members of the opposing political party and was partizan in character. The prevailing public sentiment among those who even noticed that the scandals existed, could be summed up as: "They were saps to get found out." The gangster merely expresses in a simple and direct form the doctrine of power which is at

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the root of our whole business civilization. What moral difference is there between the hold-up man who takes your watch at the pistol's point, and the coal operator who slashes wages because his men cannot get work anywhere else? How does the hijacker who captures a load of beer differ at heart from the captain of industry who by a legal subterfuge gets control of a company, or puts up the price of a necessary product of which he has an accidental monopoly? How absurd to see the police smashing up with axes a roulette table in an illicit gambling house and groveling with servility before the automobile of the big Wall Street speculator!

The gangster does not in fact yet rule America; despite the hysteria of the yellow press, his control is chiefly in a few of the largest cities and even there, except in Chicago under Thompson, it is only partial. But his spirit is a precise embodiment of the spirit which dominates the country today. And we shall never make any important improvement until we manage to affect that spirit. This cannot be done by moral exhortations or a religious revival; it can be done only by altering the conditions which have produced the present state.

President Hoover and the Experts

MR. HOOVER was elected to office, not as a politician but as an engineer—the exponent of scientific method in government affairs. He would, so we were told, find out the facts and act upon them. The country was to enter a new paradise of non-political administration.

The warmest admirer of the President must concede that by his record in office he has done much to discredit that preliminary reputation. Even in his campaign speeches before the election, it was noted that he was using inaccurate statistics and drawing from them unwarrantable deductions. The guesses about the return of prosperity uttered since October, 1929, by the President, Secretary Lamont and the irrepressible Dr. Julius Klein could not have been more wildly false if uttered by the most incorrigible politician—by, say, Senator Watson himself. Perhaps most important of all is the misuse of experts and expert findings, which long ago caused The New Republic to express the fear that Mr. Hoover would discredit in the public mind the whole idea of scientific research as a basis for governmental action.

It is these things which presumably caused so much public interest in the recent dismissal of Dr. Ray O. Hall, an economist in the Department of Commerce, who charges that he was forced out because he refused to alter his findings in regard to the international balance of payments of the United States to make a prettier picture of what has been accomplished under the Hoover regime. Public commentators, reading Dr. Hall's charges, probably recalled the President's "hair shirt" letter to President-emeritus Thompson of Ohio State University, in which the Chief Executive mourned the attacks upon his administration but whistled up his courage by saying that the untrammeled search for and production of facts (through commissions and experts) would in the end have its reward in safely guiding the American people into a life of righteousness and plenty. They may also have recalled some other things: the weekly radio speeches of Dr. Klein making mincemeat of the findings of the statistical division of the Department and offending even the intelligent layman; the Wickersham Commission and its suppression of certain documents; the resignation of Professor Charles E. Persons of Harvard from the Census Bureau because of political manipulation of unemployment figures (manipulation almost instantly detected by Miss Frances Perkins of New York); the rejection by the President of all the major findings and recommendations of his own Emergency Employment Committee, headed by Colonel Arthur Woods; and the handling of the experts' material in the report on "Recent Economic Changes" so as to give the casual reader a misleading impression of its significance.

Now Secretary Lamont has asked the president of the American Economic Association to appoint a committee of experts from his organization to investigate and report on "the Dr. Hall case." This committee will do well not to limit its inquiry to the dispute between Dr. Hall and the Commerce Department. In the interest of the scientific method, it should extend its research into the other cases where experts have been invited to undertake work for the government and their results have been rejected or altered on grounds of what seems to be political expediency. If the economists are not sufficiently concerned about the status of the expert to air the whole matter, it is not at all improbable that an inquiry will be made by Congress, with all the color of partisanship and politics which is inevitable in such a case.

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Two Peruvians: Dictator and Poet

The Dictator

LIMA WAS the city of the kings, but the kings are dead; it is still a city of escape. In the Presidential Palace sat for many years a man who symbolizes one modern way of escape from the *mestizo* conflict. Augusto B. Leguía was President of the Republic from 1908 to 1912 and again, with absolute powers, from 1919 to 1930. Like Porfirio Díaz of Mexico, he intended to remain in office until death[1]; and like Díaz he was overthrown by the beginning of what may be a long period of germinal disorder.

Leguía is a little dapper man. His feet are the right slimness for buttoned patent-leather boots; his skinny form drapes well in a morning coat from London. A silk hat offsets with conventional restraint the too long sharpness of his nose. With the hat off, the nose gives the key to his being. The features are foxlike; the bushy brows conceal eyes that glitter and do not warm, there is black hair on his hands; the body, rhythmically agile although the man is old, goes with the fox-shaped contour of the face, the sharp chin, the long thin mouth. Leguía's voice is slow, swiftness of perception and command do not make him impulsive. His language is Castilian, the tongue of the most generous of races; but Leguía's use of it marks it down to the measure of a brokerage report. The words have a tiny detonation like a ticker: not a whole man is behind them, but a volitional system.

There is in Madrid a type of Spaniard who despises Spain. Usually a broker or speculator, one finds him at the races and night clubs, and, if he has luck, in Paris or the Riviera. His secret heart loves the English, the Americans, the Germans and the French as superior peoples, and despises Spain for her devotion to values of the spirit, for her unworldly generosity, above all for her failure to make a show of power in modern Europe. Yet this man has certain Spanish traits which mark him off from the common race of parasites in the Bourse or on the 'Change. He is fanatically daring in what he undertakes, however low; and he can be cruel even to himself. Leguía of Peru is kin to this sort of Spaniard. Typically, he began as an insurance agent. He gathered an imposing list of clients, and then, in lieu of bringing them in to the company's manager in Lima, he sailed for New York. He showed the lucrative array of names to the president and said: "Make me your manager in Peru, or these names may go over to some rival." He returned as manager. He had tasted the American dollar, and found it sweet.

In those days of the turning century, Peru was a virgin market of exportable wealth. Chile had robbed it of nitrates, but there were undeveloped mines and farmlands that, with a subsidy, might produce staple goods. Peru needed money, and in the North was a young nation with too much money and too few foreign markets. The problem was simple. Leguía was a money man of the intermediary class, the sort who could see the two parties of a proposition and bring them together for his own profit. All about him in Lima were radicals like González Prada discussing such remote matters as Peru's need of freedom from the Church or the Indian's need of communism. Leguía's vision was more precise: *Peru needed money*. He saw that the man who got it and who thereby could dictate how it be spent, might rule Peru.

His plan was simple: Peru is a geographical body, not an organism. Yet a political tradition, even older than the colony, makes it a unit now effective as the Peruvian Republic. With this tradition goes a potential unity of ideals and of faith. But this does not concern Leguía. Foxlike, he knows the industrial strength, the social weakness, of his country, and needs no other knowledge. He is aware merely that this urge to integration in Peru makes the land *capturable* by a unifying will. Really to fuse the living elements of Peru, so discordant in race, culture, economic and geographic state, would be an interminable process. That is the business of the dreamers and poets. The practical is to substitute for this remote organic birth some immediate method. This can be done by bringing the control of its resources into a single hand: unification of a superficial but remunerative sort. How to go about it?

On the east slopes of the Peruvian Andes, there is rubber, coffee, timber. On the *puna*, there is silver, copper, gold, vanadium, iron, coal. On the coast there is oil, and cotton, sugar, wool, can be developed. A multiplicity of goods in regions with varying climates and varying peoples. Inaccessibility keeps the regions and the folk apart; there is no great demand in any one for the products of the other. But abroad there is a lust for staples: countries can be induced to buy or speculate upon them. This lust is Capital. The trick is to sell Peru to Capital. At once, Peru achieves a unity, since it becomes a simple mortgaged lien, or factory, to the foreign buyer. There must be an agent to pass the goods and the cash from one to the other. This agent, focus of action, will be the President of the Republic.

The trick works because money (for a time) *is*

[1] A committee of worshipful citizens proposed to him the raising of a public fund to build a residence to which he might retire when he left the Presidential Palace. "It will have to be a mausoleum," was his smiling answer.

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power and because simplicity (until the true complexity reasserts itself) *is* strength. Into Leguía's hands fall the political means of ordering the economy of the nation and the financial means, in consequence, of purchasing man power to sustain his order. With foreign capital in his control, he makes the country move: oil and copper, sugar and cotton, flow out. (Not enough wheat is grown to feed Peru, for foreign capital needs no wheat, so it is bought in alien markets at high prices.) Machines come in. Roads, railroads, wires, motors. . . . They help to make the country move, they give employment to Peruvians capable of being loyal servants to the dictator. And once the system works, there is more money to keep it going, and to protect it. Money for the politicians in the provinces, who profit by tax and contract. Money for the owners of land and mine, and their innumerable servants, who profit by the exports. Money for excisemen, commissaries, teachers, priests, who receive their wages if they support the central rule and are crushed for any contrary deed or judgment.

There have always been dictators in the Hispano American republics. They are inevitable during the *mestizo* century, the era of chaos which has not yet closed. The colonies ruled by a theocratic king turn suddenly into republics. They have none of the conditions of republican rule, none of the machinery for creating the conditions. There is no harmony among the parts of the republic, in race, traditions, economic status, language: there is no accessibility among them. There is sparse literacy to foment public opinion—the true focus of power in a republican state. Yet these political bodies, part Spanish, part Indian, part *mestizo,* long for unity. Only a dictator can give it. (Even in ordered countries, when public opinion fails or when it is too slow for action in a crisis, the dictator rises: witness modern Italy and Spain, and the United States and France in wartime.)

The classic dictators who brought to the republics their first temporary primitive coherence were men who appealed to the emotions of the people. Their elemental traits linked them, often through tyranny and bloodshed, with their folk. In the epic sense, they were heroes, spokesmen of the poesy of the mass, who ruled only so long as the bond of feeling held. Dictators of this type were Rosas of Argentina; Artigas the *gaucho* of Uruguay; Páez the *llanero* of Venezuela who served Bolívar and then helped to overthrow him; Francia the fanatical theologue of Paraguay who realized his people's hunger for a devout isolation; Castilla of Peru who for twenty years held the land together in the heat of a religious revival; Santa Cruz the Indian of the Andes who dreamed of reviving the empire of the Inca. Many of them were of titanic stature. They embodied the elementary ethos of a folk, the stage of national evolution when it needs a father.

Leguía belonged to a new class of dictator, whose strength lies not in an instinctive contact with his people but in business contact with what may be symbolized as either Washington or Wall Street (they are not the same, they do not always agree, and often they obstruct each other like hostile brothers). This contact abroad implies, of course, detachment from the ethos of the dictator's people. The heroic dictator's day in Hispano America is waning as the nations move toward maturity in their own terms and away from the borrowed ideologies of North America and Europe, beneath which they remained divided, infantile, dependent. But the day of the money dictator—the shrewd broker of foreign power who is just close enough to his people to sell their weakness—is still bright.[2]

Leguía sits at his business man's desk in the Palace of Pizarro, in the seat of the mighty of Tahuantin-suyu; he looks at his work and finds it good. True, the chaos of Peru persists, though exiled to regions where no practical eye need see it. The laborer on the latifundia is still a serf; Lima still festers with disease and famine; the Indian on the *puna* is still deedless and voiceless in the land which even by numbers is still his. But after all, even in England and Germany there is hunger. And only God can solve the Indian's problem—perhaps by gradually bleaching him to white. There is the constant clamor of the poets, the scholars, the economists: "Peru cannot breathe in this straitjacket of alien exploitation, alien ideas, alien values. Peru must gain health, which is wholeness, from within: only itself can enact its destiny which shall not be a unity of reduction to the market needs of a foreign power." But Leguía has the broker's insight into poets. He is a practical man. And if the dreamers at times get too close to action, he has a practical police force with true inquisitorial talents to burn their papers, to jail them, if need be to exile or to kill them. All the force of unity is with him: all the moral strength of friendship with the great democracy founded by Washington and Jefferson. Peru, with its vast coast, its intricate mountains, its ingrown spiritual genius, is inaccessible to itself. Not yet has it been able to converge so that a nation may confront the shrewd simplicities of foreign money.

But the day comes when money is sick, when the golden current from abroad which galvanized Peru into an artificial order, slackens. The little foxlike man tumbles from his seat, for the alien current that kept him there has been turned off. Peru lurches toward the dawn of self-determination.

The Poet

The last years that Leguía sat in the Presidential Palace, a young cripple was sitting in a wheel chair not far away in an unpaved street of humble single-story dwellings. His name was José Carlos Mariátegui. In his adolescence, with only a limp

[2] Witness Machado of Cuba, Gómez of Venezuela, Moncada of Nicaragua and Ibañez, until recently the dictator of Chile.

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to trouble him, he wrote verse nitident in form and wavering into mystic shadows. A promising poet. Santos Chocano, laureate of the new oligarchic order, was getting a little shabby. Perhaps the shrewd Leguía, looking forward, envisaged the need of a fresh singer to take Chocano's place; for official poets are needed in these republics with their Indian and Catholic culture, even as prose propagandists disguised as historians and critics are needed in the North. Then the young romantic, with Cesar Falcón the novelist, began to edit a little journal and to attack the dictator. Leguía was not worried. He had seen radicals before: had not Santos Chocano himself begun as a revolutionary? He closed up La Razón and gave Mariátegui the means to go abroad. It was a delicious form of exile, since the poet was hungering for Europe and there was attached to it not alone a patron's purse, but a promise.

The young man did not stay in Paris among the artists; he went to England, Italy, Central Europe. He witnessed the Fascist reaction to the Communist uprisings, he studied the works of capitalism in Manchester and Lorraine. Moving through Europe, he became an American; the potential body of his spirit transfigured the minor poet. After three years he returned home, born by his experience of the old world into a world of his own.

Leguía called his young protégé to the palace. In a small republic ruled by a single will there are many favors to be meted out to a brilliant young writer who knows the ways of the world. Dictators need talent (even as industry and commerce): a man like Leguía can always find a lucrative and serviceable post for a man like Mariátegui—provided Mariátegui is willing. He can make him editor of a paper, have him elected to Congress, place him in the Ministry of Education or, if he still hankers to go abroad, he can turn him with the flourish of a pen into a diplomat or consul.

Mariátegui, sitting with President Leguía, needed patronage more than ever. He was still penniless; he had found a wife in Italy and they had returned with a child, and his obscure tubercular disease was gnawing at his limbs. He had been too busy to spend his little purse on European doctors; he had gone to Europe to meet ideas and men, not to trouble with his body. But his body was going its own way, and the youth now sitting beside the President was already more than half a cripple.

Leguía smiled on Mariátegui. He saw the fleshless figure clad in black, the exquisite hands, he saw the head, narrow at the chin, magnificently broadened at the brow; the firm mouth, the eagle nose, the eyes black, brooding, hard as metal. Leguía saw the message of the eyes and he stopped smiling.

"Mr. President," said Mariátegui, "I should have come, even if you had not sent for me. Since you sent me to Europe, I owe it to you, Sir, to have you know at once the state in which I return. I am your enemy, Mr. President. I am going to devote my life to fighting you and what you stand for."

The young man took his cane and limped from the palace into poverty and struggle.

Mariátegui sits in his wheel chair in the open patio. He does not heed the clatter of dishes, the clamor of children. The sky of Lima comes down upon him, bringing the open world. Winds of the North and South, winds of the Atlantic, carry seed to Mariátegui. He knows the Indian in the Andes, although he has never seen their *puna*. He knows the word of the students of Havana and La Plata. He hears New York, he listens to Europe. And all his messages immediately merge into the wisdom that is the man himself. Around him have gathered men and women. Before he is thirty, Mariátegui is a *master;* for the intellectual youth of America Hispana have the tradition of leadership which is the sole organic way of cultural evolution. In Lima, there are poets, novelists, critics, historians, painters, musicians, economists. And men of labor. They disagree among themselves, and there are few who do not materially dissent from some of Mariátegui's convictions. Yet they gather about him; their disagreements are functions of the dynamic whole which he envisages for his country and his continent.

Even the most intimate poet of them knows that America must be recreated, and that toward this beginning, the economic structure must be changed. This knowledge is an integer of their experience as students and artists. The economists study the communism of the Inca, dissociating the essential from the accidental, synthesizing what is permanently Peru with the immediate industrial era. The historians study the colony and the republic, bringing into light the evolving lines of America Hispana. The literary critics make an active scheme, in which the young novelist and poet may find their place, of the correlations between tradition, psychology and esthetics. The painters go up to the *puna* and bring down in plastic monuments of the Indian a spirit and a body of national strength.

There are men in Cuzco, Piura, Puno, Arequipa, in Bolivia, in Chile, with kindred vision. Magazines are issued, books are published, words and visits are exchanged. The spirit whose focus is the wheel chair begins to radiate beyond the Andes; weaves a fine and fragile mesh of action throughout America Hispana where youths with the same will for a new world weave from their own foci of thought similar nets of potential action.

Mariátegui is a happy man. He is a cripple and poor. From time to time he is reminded of his former patron; his mail is intercepted, a detachment of police knocks at his door and wheels him to jail while the authorities go through his papers. And his disease keeps gnawing. But his spirit flows like a deep river.

In him the tension of Spain is made exquisite by the sensibility of the Quechua. The will in his eyes is Basque; but it directs a nature earth-adoring, that is of the Andes. Although his blood is mixed,

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the *mestizo* in Mariátegui has died in a new accord. The dualisms of his heritage have fused their values: the willful science and rational economy of the modern energize the religious pantheism of Quechua and Aymara. The opponent cultures flow to a synthesis; joyously, potently flow, in this prophetic man, toward an American solution.

The new American whom Mariátegui projects is still inward, it is not easy to create him in the world of action. America Hispana is still chaos and the conditions that put forth men like Leguía are still cogent. Now Buenos Aires invites the Peruvian to come east. Not official Buenos Aires, but the adventurous minority which make their city the cultural capital of South America. The man who crystallizes the demand for Mariátegui, who makes the invitation practicable, is Samuel Glusberg, a Porteño publicist—the son of immigrants. Mariátegui accepts. He has come, at least temporarily, to the end of his usefulness in Lima. He is like a captain of a small division who must move to a decisive terrain and join his troop with others, lest his partial victories in unstrategic places finally exhaust him. In Buenos Aires, he will be able to issue his magazine unhampered, he can earn his living, and perhaps he may find medical aid to save his life.

A hundred years ago, San Martin and Bolívar moved from the Atlantic to the Pacific; their march freed the colonies from the arms of Spain. The young men who invite Mariátegui to Buenos Aires are perhaps not thinking in Continental symbols. Yet the passage of this warrior of the mind from the Pacific to the Atlantic completes the cycle begun a century before. The Continent does not become America Hispana merely by the defeat of armies and the departure of viceroys. The liberative stroke from east to west must return from west to east. Mariátegui's passage from the Pacific has the significance of the omen.

Luis Alberto Sánchez has gone before to Santiago: he has arranged for lectures in the universities, so that the youth of Chile may hear the young warrior from Peru on his way across the Andes. But many battles are lost, before a campaign of the spirit triumphs. On the eve of his departure, his fever rises and the master dies.

Laborers of Lima, *mestizos* from the latifundias, artists, bear the coffin past the Presidential Palace from which, a few months later, Leguía will slip away like a thief in the night.[3]

WALDO FRANK.

Soviet China

READERS of the average American newspaper must have been greatly surprised a few days ago when they read the statement by T. V. Soong, Finance Minister in the Chinese government, regarding Communism in that country today. Mr. Soong said bluntly that the Nationalist government had been concealing the truth, that the Communists are today in control of a large area in the interior, and that the forces of the Chiang Kai-shek regime will have a tremendously difficult task on their hands in the attempt to reconquer the territory. Though Chinese dispatches have from time to time told of struggles with the Reds, and information has leaked through regarding wholesale executions of youthful radicals, no previous official utterance had at all prepared public opinion in the United States for the situation which Mr. Soong revealed.

Yet there is a Soviet government functioning in the interior region of China, a government without a central seat, without central officials, yet one whose rule and principles are accepted by a territory as large as France and a population estimated at nearly 50,000,000. Only once before has it broken into the American newspapers. That was when, last year, Yochow was taken and when, for a brief period, Changsha, the capital of Hunan Province, was in its hands. Yet regularly accredited Communist delegates from all sections of this great piece of territory last year gathered in Shanghai under the very noses of Chiang Kai-shek's ubiquitous police and secret agents, despite even the watchfulness of the International Settlement's secret political agents, who regularly feed to Chiang Kai-shek's firing squads the Reds found inside the Settlement's boundaries.

Several thousand villages are under this Soviet rule, and not a landlord sits in its councils. For the slogan "land to the peasants" has been carried out in all the region it controls. Non-resident landowners no longer exploit the endless labors of the farmers who wrestle with the soil of southern Kiangsi and Fukien, all of Hunan and great parts of Hupeh. Agitation in Nanking and Shanghai for a concentration of all government energies on a campaign to "clean up the Reds" and to forget all internal political differences is led by these new

[3] In the chaos that followed Mariátegui's death and Leguía's fall, Raúl Haya de la Torre has emerged as a leader of students and radicals. Haya is a Nationalist Socialist; but his nationalism is Continental. He is an avowed opponent of the United States and a passionate propagandist for Hispano American union along economic lines. Through his organization, the *Apra*, he led several revolts against Leguía, which earned him nearly ten years' exile. He has just returned and is running for the presidency. The Communists attack him (unjustly) as a Fascist; and of course the National City Bank, the Grace Line and the Standard Oil (potent political factors in Peru) attack him in any way they can. Since his career, thus far, has been one of agitation, it is impossible to predict what he would do in office. He is a man of promise.

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expropriated landholders, most of whom for years had their residence either in Hankow, Kiukiang, Nanking or Shanghai and used the services of hordes of collectors, who were in fact small private armies, actually to collect the incomes on which they lived in luxury in those cities.

This movement, still unclarified, still haphazard, still molded largely by the personalities of individual leaders, has the semblance of an ideology, and its central thesis is that land belongs to those who work it, as does all its produce. It had its beginnings, in the form it has now assumed, with the emergence of two young military men, Generals Ho Lung and Yeh Ting, after the debacle of the Hankow government. These two officers were subordinate commanders of brigades, their small forces were in southern Kiangsi, when they had word of the events at Hankow. These events meant the end of what they were fighting for. They therefore set up as independent leaders. For four years they have now been "Red bandits" in the eyes of Nanking, for four years they have controlled a vast region with their small but enthusiastic "Red armies," and everywhere they have set up peasant rule, helped in the expropriation of lands and in the extirpation of mandarins, magistrates and rich merchants.

That this movement has been bloody goes without saying. Yet it may also be said that Yeh Ting and Ho Lung and their followers and subordinates have placed no more political enemies before firing squads than have Chiang Kai-shek and his subordinates. Chiang Kai-shek's latest pronouncement, an address to his "comrades of the army," says that a campaign will now be undertaken against these "Red bandits." Similar pronouncements have come from him during the past year. However, they meet with little enthusiasm among his "comrades of the army."

The obstacles in the way of such a campaign of extirpation have been recognized by no less a person than Mr. Soong in his dramatic statement. While the government forces may succeed in defeating the main Red armies, he admits that small bands of peasant soldiers would still remain a problem when government military pressure shall have been relaxed. This suggests that the movement is definitely an indigenous one, despite his assertions about "Kremlin plotters." For in his long statement, Mr. Soong holds that the entire movement is a direct result of "miserable economic conditions driving famished and exploited humanity to despair."

It is difficult to escape the conclusion that it is there, in the interior plain of the Land of Hu, that is being hammered out the real future of China. We shall not soon be reading of any "five year plans" from this Soviet China; there will be years, still, of dispatches about this government and that, in Canton, or Nanking or Peking; many brilliant diplomatic pieces will doubtless be issued over the signature of Eugene Chen or Dr. Wang Cheng-ting; and T. V. Soong will no doubt be heard again complaining about the costs of war and the dents they make in well planned budgets. But the real story of China's political and social agonies is being told elsewhere and in a less formalized language.

WILLIAM PROHME.

Graft in Business[1]

II: *Directors Who Betray their Companies for Private Gain*

IT IS A common thing to hear directors referred to as representing certain interests on their boards. In business you will hear the directors of some railroad, of some bank or some utility company, referred to as representing the steel crowd, or the bank crowd, or the oil crowd. And the steel crowd, the bank crowd and the oil crowd are probably groups which have no interest in the corporation outside of the business which they do with it. "He represents the short interest," said one railroad director to me, describing a certain director of another road. This practice is taken for granted in business, but a classic instance of its consequences is the failure of the Chicago, Milwaukee and St. Paul Railway Company.

The business world was startled in March, 1925, by the application for a receiver for the "St. Paul." Two and one-half months before, its financial statement revealed a company operating approximately 11,000 miles of road, with a total capitalization of more than $700,000,000 and with operating revenues in 1924 of $160,000,000. St. Paul common stock had sold as high as 199, but on May 19, the day after the receivership, the common stockholders saw their shares drop to 5. This was the greatest failure in the history of American railroads.

What caused this failure? The public and even shareholders know very little, as a rule, of what goes on behind the scenes in the management of their corporate properties. It happened, however, that the bondholders, or at least a large section of them, felt themselves aggrieved by the form of reorganization proposed, and in the litigation which

[1] The articles in this series, in greatly expanded form, will form part of a book to be published under the same title in September by the Vanguard Press, and not, as The New Republic erroneously stated last week, by the Viking Press.

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ensued and in the investigation by the Interstate Commerce Commission which followed many of the details of railroad management came to the surface and the public was given an opportunity to see the board of directors of a great railroad at work.

First, who were the directors? What did they do? How did they direct? And why were they directors?

The directors of the road were formed, more or less, into four main groups, representing four chief interests. The first of these groups might be called the Rockefeller group; the second was known as the Armour group; the third was the George Smith interests; and the fourth was that of the Harkness family, holding 100,000 shares at the time of the receivership. The various members of the board were grouped around these interests, but with the exception of the Harkness interest, none of the other directors represented any ownership in the stock or bonds of the road, nor had they any other apparent interest which might explain why they should be sitting as directors of that company.

Riding the St. Paul

In 1909 William Rockefeller, who was then a director of the road, held large interests in the Anaconda Mining Company and was a member of its board of directors. Through his influence John D. Ryan, president of the Anaconda, was made a director of the St. Paul. Like Rockefeller, Ryan held large interests in copper and he and his associates also had acquired control of the Great Falls Water Power and Town Site Company. Moreover, Ryan knew that if the St. Paul went through with a plan to electrify certain sections of its Puget Sound branch, it would not only require a good deal of copper but would also become a large potential user of water power controlled by his companies.

This, in fact, proved to be the case, for when the St. Paul finally started to electrify sections of the road, it purchased all its copper from the United Metals Selling Company, an agency of the Anaconda. The copper bill was $4,000,000. The railroad then proceeded to make contracts for power with the Great Falls Power Company and the Thompson Falls Power Company. These two concerns were subsidiaries of the Montana Power Company, controlled by Ryan.

The history of the Thompson Falls site is an illuminating one. Ryan and his associates owned a half-interest in the site which they sold to the St. Paul. Later, Earling, president of the St. Paul, asked Ryan to get hold of the other half-interest for the railroad, which Ryan did and sold it to the St. Paul, the total cost to the railroad being about $300,000. Some time later, Ryan bought the whole site back from the St. Paul at double the price the railroad had paid for it, the total cost being about $600,000, plus accumulated interest. On the day of the purchase, the Thompson Falls Power Company, organized only a little while before, made a contract with the St. Paul to furnish it with power and on the next day Ryan transferred the site to the Thompson Falls Power Company for $5,000,000 par value of the stock of the power company. He immediately exchanged this $5,000,000 worth of Thompson Falls stock for an equal amount of the Montana Power Company, which he controlled.

Referring to Ryan's deal, the Interstate Commerce Commission stated:

> The record indicates that Ryan and his associates did not expend over $925,000 for the property for which they received $5,000,000 nominal par value in stock of the Montana Power Company. . . . The principal element of value in the Thompson Falls project which Ryan turned over to the Montana Power Company was the ninety-nine-year contract of the St. Paul with the Thompson Falls Power Company, which was executed at the same time that the railway turned its rights over to Ryan. . . . The St. Paul continues to be the principal customer of that company, its payments under the contract being about 40 percent of the total revenue of the power company.

An example of how the St. Paul failed to receive from its directors the protection it required is to be seen in the following additional power incident. Power for the Coast division was furnished under a contract with the Intermountain Power Company, made March 13, 1917, for a term of ninety-eight years. In 1915 the Washington Power Company had a plant at Long Lake, near Spokane, at which it was developing more power than it could use. Ryan knew about this. Moreover, at this time the St. Paul needed just such power and was anxious to buy it. The St. Paul could have bought it directly from the Washington Power Company and Ryan, a director of the St. Paul, could, if he had had the interests of the railroad at heart, have put it in touch with that source of power. What did he do? He started negotiations with the St. Paul officials to furnish them with the power they needed and the railway entered into a contract with Ryan and his associates directly to furnish them with the power. Thereupon Ryan organized the Intermountain Power Company, bought this excess power from the Washington Power Company for the low price of $10 per horse power per year and resold it to the St. Paul at the higher price his other two companies charged.

How the Bankers Buy Yachts

We will now consider the little profits which bankers occasionally make out of their railroad clients.

In 1910 the bankers of the St. Paul Railroad—Kuhn, Loeb and Company—sold some $48,000,000 worth of St. Paul bonds to investors in France. They received a commission of $770,000 for this service, plus an additional $113,000 as their share

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of the profits of the syndicate which distributed the bonds. Five years later Kuhn, Loeb and Company advised the railroad that the French bankers would like to have the St. Paul reacquire these bonds. The railroad did not seem interested, as indeed it might well not be. For those old bonds were payable in francs or sterling, and these two units were, as a result of the War, liable greatly to depreciate. Nevertheless, Mr. Percy Rockefeller, a director, was drawn into the negotiations and a contract was made with the bankers authorizing them to buy up all the French bonds they could accumulate. As a matter of fact, very little accumulation was needed. The bankers knew precisely where they could lay their hands on $29,000,000 of these bonds. About $26,000,000 of them reposed in the vaults of another banking house. Kuhn, Loeb and Company had merely to walk across the street and buy them. The total amount finally "accumulated" was $34,000,000, and the profit of the bankers was $1,813,000.

This peep into the affairs of the St. Paul railroad would seem to indicate pretty clearly that the directors had some purpose in mind in serving as directors other than the wise management of the road.

Cleaning Up on the Frisco

The St. Louis and San Francisco Railroad, better known as the Frisco, went into the hands of a receiver largely because of misfortunes resulting from floods and the general state of railroad credit at the time. These were the immediate causes. When the receivership was announced, the press, both railroad and lay, was quick to absolve the management from all blame for the disaster. However, receiverships at least produce publicity; lights get turned on hitherto hidden corners of management. And so, as the Frisco case got more and more public attention, the public came to realize that its woes did not proceed wholly from floods and hard times. Management had had something to do with it. Finally a stockholders' suit was instituted against the officers of the road for restitution of profits of $3,500,000, said to have been made in the sale of subsidiary lines to the company. The receivers also petitioned the court for leave to sue former directors and officers for restitution, the application being based on the action of a syndicate which sold the St. Louis, Brownsville and Mexico line to the Frisco Railroad.

As a result, investigations were made by a committee of the United States Senate and by the Interstate Commerce Commission. A. T. Perkins, vice-president of the St. Louis, Brownsville and Mexico, testified before the Commission that the syndicate was made up of ninety-eight persons and that they sold the road to the Frisco at a profit of $3,000,000, or 75 percent on their investment. The St. Louis Union Trust Company made public the names of the syndicate members, which included many directors and officers of the Frisco, and disclosed other records from which it was calculated that B. F. Yoakum, chairman of the board, and his associates had made a profit of over $7,000,000 in the sale of securities to the Frisco.

Patching Goodyear Tire

In 1920, when the spurious post-war prosperity began to collapse, the Goodyear Tire and Rubber Company began to go to pieces along with a great many other large properties. Though earlier in the year the Goodyear company had declared a stock dividend, in December, Francis A. Seiberling, president of the company, wrote its stockholders that sales for the year had fallen $45,000,000 below the $250,000,000 expected, and that the company faced bankruptcy. Seiberling struggled valiantly to save the great rubber concern which he had organized. He engaged a law firm to get new financing, and without success sought aid in Chicago, St. Louis, San Francisco and New York. The National City Bank and the Guaranty Trust Company agreed to investigate, sent experts to Akron, but the reports from them were so gloomy that neither bank would undertake the rescue job.

It was at this stage that young Mr. Clarence Dillon, of Dillon, Read and Company, was called in. He was practically a newcomer to Wall Street, although recognized as a banker of ability. It was believed that the saving of Goodyear would appeal to his imagination because it offered an extraordinary opportunity to show what he could do. And thereupon Dillon proceeded to rescue the foundering rubber corporation.

Now, when bankers embark on a major financing operation like this one, it is customary for them to require representation on the board of directors. This is quite understandable. But in this particular case the bankers went a good deal further than that. They demanded, first, that the stockholders surrender all their voting privileges and cede them irrevocably to a committee of three on which the bankers held two votes. Then they literally filled the board with their representatives. But most important of all, they put forward something new in the field of management. For instead of electing a president and treasurer, the bankers devised a plan whereby the direct management of the company would be turned over to another company. A contract was made with Leonard Kennedy and Company of New York which put the management of the Goodyear Tire and Rubber Company in its hands. Kennedy and Company were to provide a president and a treasurer, and these officers were to be responsible to it and be paid by it and not the corporation. This was, to say the least, an extraordinary arrangement.

One might expect the Kennedy company to be a management concern of great ability. As a matter of fact, it had never before undertaken such a job. It had a single small office in which the personnel was Mr. Kennedy and a secretary. But the con-

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tract made with the Kennedy concern was an extremely liberal one. It agreed to pay Kennedy and Company $250,000 a year and 5 percent on any earnings in excess of $10,000,000 a year and not above $20,000,000 a year. As a result of this contract, the Kennedy company, for the services of a president and a treasurer, was paid in twenty-five months, $926,540.

And now let us see who owned the Kennedy company. The facts came out in one of the numerous trials arising from the reorganization of the Goodyear company. Forty-five percent of the stock belonged to the Nassau Company. And who owned the Nassau Company? It was a private corporation the stock of which belonged to the family of Mr. Clarence Dillon. So the contract for the management of the Goodyear company at a price which yielded nearly a million dollars for two years' work was made with a company 45 percent of whose stock was owned by the bankers employed to put the Goodyear company on its feet. Shortly after the contract was made, the stock of the Nassau Company was transferred to certain other persons—dummy stockholders—mostly minor employees of the bankers. When they were called as witnesses some of them couldn't remember very much about their shareholdings. One of them—a bookkeeper—had 22,500 shares.

Profits for Bankers

How much can bankers make out of a deal of this kind? Of course, one can only guess at the profits. In 1922 a suit was filed against various persons, including the bankers, by one of the stockholders of the Goodyear company, attacking the reorganization plan. In that suit many allegations were made. One of them was that when the bankers underwrote an issue of $27,500,000 worth of debentures, they received a bonus of 275,000 shares of common stock. It was also alleged that the Goodyear company paid a premium of $20 a bond, plus the 8-percent interest on a $30,000,000 issue, which would be $6,000,000.

Later another suit was filed by other stockholders against the bankers, in which it was alleged that the refunding operations had brought to the company $51,000,000 in cash, but that the company assumed $11,000,000 in premiums and had given bonuses of $9,000,000. The Goodyear company assigned $27,000,000 of its debentures to the bankers at 90 and 17,000 shares of common stock at one dollar a share. Dillon, Read and Company later sold these bonds at $98 and the stock at $48 a share.

Moreover, 326,013 shares of Goodyear, prior-preference stock were purchased by the bankers. The price was fixed by the syndicate managers' committee at $85.60 a share. Shortly after a $10 dividend was declared on this stock and the bankers sold it to the public at $98, making a profit of $3,450,000. These were a part of the various transactions by which the bankers were alleged to have made $15,000,000 or more. They are the indirect profits made out of corporations and stockholders, which never come to the surface, which constitute extravagant and wasteful expenditures and which add an enormous burden to the cost of our industrial enterprises.

John T. Flynn.

In his next and concluding article Mr. Flynn will consider banks and their devious methods of raising money.—The Editors.

Capitalism Will Not Plan

A SORELY chastened world is turning to the magic of economic planning as a medicine for its wounds. I speak of *magic* advisedly, for in a great deal of what has been said and written there is more of simple faith in a word or a vague idea than there is of real planning. Nevertheless, this eagerness of a world, starving because it has produced so much, to find some plan whereby it can employ the machinery it has had the wit to make, is an immensely important sign of the times. The strength of the older economics lay in the fact that it taught faith in automatic processes and laws. Let each man intelligently seek his own good and the ever blessed laws of supply and demand would take care of the rest. Competition—not economic plan—was the guarantor of the general good.

Naturally enough, such faith fitted into, and found confirmation from, the prevailing religious beliefs. Years ago in an old library I came across a little book on theism, dating from the early nineteenth century, which soberly advanced as one of the soundest arguments for the existence of God the fact that when every man sought his own good the good of all was advanced. Who but an omnipotent God could arrange matters as nicely as that?

Now behold the change. In the very citadels of capitalism, in complete disregard of the assumed efficacy of automatic economic processes, men talk plan. In England the old party of laissez-faire, under the intellectual leadership of Maynard Keynes, actually proposes a somewhat elaborate planning commission. In America the dean of the Harvard School of Business Administration, in a book significantly entitled "Business Adrift," preaches the necessity for planning to men in whose desire or capacity for planning he has little confidence—and this from the

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school which persisted in prophesying an everlasting bull market even after the Wall Street crash!

Nor is it only in the ranks of the capitalists that this great change has occurred. Suppose pre-war anarchists, syndicalists or even most socialists had been told that by 1931 the great achievement of a communist revolution would have been a five-year-plan not evolved spontaneously by emancipated peasants and workers, but imposed on them from above by an iron discipline which resorted to the piece work and speed-up system, made labor unions the creatures of the dictatorship and reduced nominal workers' control in factories to a shadow —would it not have been a vast and unwelcome surprise to men who had been proclaiming that all that was really necessary was to break the yoke of capitalism, destroy the profit system and set the workers free? Logically in socialism the notion of planning, especially during a transition period, was always implicit. But it certainly assumed no such commanding place in radical thinking as it has assumed today in Russia and as it must assume if ever power-driven machinery is to be our salvation and not our destruction.

Now, no one is more fully persuaded than I of the necessity of planning. But the first step in curing our sick society is not plan, but purpose. The truly revolutionary decision concerns not the kind of planning commission we shall set up to harness the "billion wild horses" of a machine age, but whether we seriously intend that they sha'l work for the use of all of us rather than the profit of private owners. The Russian Revolution preceded the Five Year Plan, and while I profoundly hope that we may learn from Russian experience without repeating it in all its details, we cannot possibly beg the question of socialism versus capitalism by appointing a planning commission.

Stuart Chase, writing on "A Ten Year Plan for America" in Harper's, has vividly reminded us of the success with which we went in for planning in war days. He may be right that physically the task of peace planning is easier because it concerns only raising the standard of living, while war planning added to that the feeding of the maw of the insatiable monster, war itself. But he omits or minimizes two considerations:

1. Economically, war planning did little or nothing to interfere with time-honored methods of financing—liberty loans, etc.—or with profits; witness the 25-percent average profits of steel companies. These profits did not break down planning during the War, because the War cried for more. The crisis inherent in the division of profit was postponed to post-war deflations. The economic set-up for successful peace planning must be very different and cannot allow for an orgy of high profits, even with rising wages, if we want to escape recurring crises.

2. Psychologically, the compulsions of war were understood and had traditionally a force that the compulsions of unemployment under a capitalist regime decidedly lack. Even so, notwithstanding the war compulsions and the tradition of discipline for war, the indecent haste with which the planning that Mr. Chase praises was scrapped when the Armistice was signed shows how alien planning was to the spirit of capitalism. It will take a terror not yet inspired by too docile workers to force on capitalism such a degree of planning as will begin to approximate the wartime experiment.

But may not the growing concentration of power, to which Mr. Gardiner C. Means calls attention, alter some of the factors? May we not expect some general planning from "the less than 2,000" directors of the 200 largest non-financial corporations which, in 1927, according to Mr. Means, controlled "over 45 percent of the assets of all non-financial corporations, received over 40 percent of corporate income, controlled over 35 percent of all business wealth and between 15 and 25 percent of national wealth"? The New Republic, which editorially is somewhat optimistic on this point, is candid enough to admit some of the difficulties. And to its list others can be added. Great as is the control of these corporations, it does not extend to such vital matters as farming, bituminous coal mining, building and textiles. The most that has been accomplished by the 200 is to make some beginning of stabilization within their own industries. Stabilization of employment has its merits, but its general adoption at the present level of economic activity and at the present rate of technological advance threatens us with the creation of a standing army of the permanently unemployed. All these great corporations shared in the general speculative debauch; they are dominated by the prevalent acquisitive and competitive temperament. They exist to make profits, and production for profit inevitably means a greater or less degree of both technological and cyclical unemployment. Finally, there is no sign at all that the little group in legal control of our 200 greatest corporations will invite that labor participation in general economic planning which is essential to any reasonable scheme for an economic general staff.

Nevertheless, the persistent discussion of planning and the fact that big business is strategically and probably psychologically in a better position than a multitude of little businesses to play with this idea means that we may find ourselves with some sort of planning commission on our hands which may at least spy out the land, make public its findings and indulge in some useful forecasts and suggestions.

But the basic truth remains: Before society can plan for general use rather than for private profit, it must own or at least control the vital economic enterprises for which it plans. All of which is a way of saying that socialism is the essential condition of successful planning, even as planning is the essential tool of successful socialism. There remains

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the question whether socialism can impose the requisite degree of planning without the power of an iron dictatorship behind it. This in turn divides into two questions, one political, or perhaps psychological, and the other economic. The first is: Can planning coexist with political democracy? The second: Can planning on a scale sufficient to banish unemployment and abolish waste permit any effective degree of consumers' choice, or must we all be rationed, fed, clothed, housed and entertained much as an army is fed, clothed, housed and entertained, with the inevitable corollary that we shall be assigned jobs much as soldiers are assigned jobs?

Neither question can be answered with absolute certainty. Planning under a democracy will succeed in proportion as the democracy is committed to the philosophy of socialism and the necessity for intelligence in operating it. If these two ideas become dominant, democracy may provide a more orderly and less dangerous way to determine the human desires and prejudices of which even a dictatorship has to take account. At no time, not even in Russia, could any economic commission move the masses entirely as they would. Nevertheless, it will take a democracy capable of understanding and sharing a general interest rather than a democracy immersed in local, sectional and other divisive interests—as our American democracy usually is—to make possible competent and adequate planning.

The other question concerns the possibility of achieving a sufficient degree of planning to abolish unemployment without conscripting the workers as producers and rationing them as consumers. I have put this question in an extreme form. Neither the degree of economic planning which served war needs nor the economic planning which serves Russia today has entailed conscription and rationing of workers like soldiers. Indeed, the present tendency in Russia seems to be to increase the inducement of differential rewards of labor as opposed to military conscription and to decrease the amount of rationing of goods that has been necessary. Yet, if economic planning, even in a transitional period, means a degree of bureaucratic control which denies consumers' choice and conscripts workers even to the degree now practised in Russia, it will seem well nigh intolerable to the average American and it will probably result sooner or later in a dangerous stagnation in the industrial arts. The hope of economic planning which shall be sufficient to meet the problems of an interdependent society and still permit a high degree of choice of work and consumer goods lies in three things: (1) the possibility of learning the average tendency of consumers' choice and even educating it so that a reasonable forecast can be made of the number of factories necessary for shoes, radios, automobiles, etc.; (2) the fact that the productivity of machinery allows for a considerable amount of waste from an abstract standpoint without breaking down the system; and (3) that short of conscription, workers can be guided by information and induced by differential rewards to take the necessary jobs. In a country as far advanced industrially as the United States, a country which does not have to pay to industrialize itself out of its food and clothing, a country already disciplined in factory labor, the degree of rationing and conscription practised in Russia ought not to be necessary. It is at any rate impossible without a large-scale war.

In short, while production for use rather than profit requires planning and alone makes possible adequate planning for a machine age, such planning will probably be more aided than hurt by keeping money and the *mechanism* of profit which permit men a wide choice both of what goods they will take and at what jobs they will work. That is to say, workers will be paid in money and goods will be sold, as now by consumers' coöperatives, on a basis of profit, which profit can be refunded either in increased return to the workers or dividends to purchasers or reductions of price the next year, or by some combination of these methods. At the same time, successful planning will enormously enhance the social income of parks, playgrounds, libraries, etc. But this will require far more than trying to plaster planning over our capitalistic chaos.

NORMAN THOMAS.

Washington Notes

Chaos Ahead of Us—The Next Speaker—Garner, Tilson and Snell—Do the Democrats Want It?

WHEN I reflect that in less than four months the Seventy-second Congress, with its unprecedented possibilities for confusion, will be with us, I am reconciled to the almost complete political doldrums through which we are now passing. The time will soon come, I think, when we will look back upon these slow, dull months with regret and wonder what in the world there was to complain about. For, when the prospects for the coming session are considered, it becomes more and more evident that previous estimates of its confusion were all too moderate. From whatever angle you view it the outlook is appalling, and I do not wonder that the hardiest souls in the administration shiver in anticipation.

Anything like a stable functioning majority in either branch is so clearly impossible that enactment of an administration program is just out of the question. In both branches control will be in the hands of a coalition and in neither will the coalition be friendly or favorable to the Hoover administration. Clearly this means a long deadlock between Congress and the White House—with the former passing bill after bill and the latter returning them in a long series of vetoes, some of which will be sustained and some of which will not. In effect, this means that the administrative and legislative branches of the government will be in constant conflict from the start, with a minimum of accomplishment and a maximum of futility as the result. Anyone who thinks this a healthy and hopeful state of affairs for a great country is entitled to his opinion.

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So far as organization is concerned, interest is concentrated on the House, for there the question of which party will elect the Speaker is more uncertain than before. Despite the deaths on both sides since last November, the relative strength of the two parties in the next House remains unchanged. The Republicans in all probability will have their paper majority of two when the roll is called. It is interesting, however, that within the past few months the political prophets, who had firmly held that the Republicans would retain control of the House, no matter how narrow the margin or how hollow the majority, have swung over to the opinion that the Honorable John N. Garner, Democratic leader, will be chosen Speaker and the Democratic party, though clearly in the minority, will be in control.

Aside from the death of Mr. Longworth, who was by far the strongest and most popular man among the regular Republicans, there are several other reasons why Garner's prospects are bright, the most important one being the bitterness of the contest between Mr. Snell and Mr. Tilson for the Republican-caucus nomination. Most political observers and most Republican Congressmen who have been here recently consider Mr. Snell the best bet. From what I am told, he has outmaneuvered the more sluggish Tilson, going after the party leaders who control House members rather than the members themselves.

What counts for Mr. Garner and the Democrats is that while either Mr. Tilson or Mr. Snell may be acceptable to the Hoover administration, neither one of them is acceptable to the group of progressive House members without whose votes neither can be elected. The fact is that in the entire roster of regular organization Republicans it would be impossible to choose two men less acceptable to the progressives than Snell and Tilson. The feeling among the more thoughtful of these progressives who have been in touch with progressive Senators is that it will be impossible for the progressive House group to support either Tilson or Snell without radical changes in the rules and certain specific pledges as to legislation.

Though Mr. Snell and Mr. Tilson might personally be willing to concede almost any progressive demand in return for the dubious honor of being called Speaker, there are a good many regulars in their following who would resent it most bitterly. From them come ominous rumblings and threats to the effect that before they will follow leaders who would pay the sort of price the progressives demand, they will vote to turn the whole business over to the Democrats and let them have it.

I never have taken much stock in the talk that the Democrats may consider it better party strategy not to assume responsibility at this session, the idea being that as the Democrats have no concrete program and could not put one through if they had, it would be wise not to give an exhibition of futility immediately before the presidential campaign.

Logically, perhaps, this is a sound idea, but practically it will not work out. For one thing, the spectacle of a major political party refusing responsibility when it has a chance to acquire it is not calculated to promote popular belief in its solidity and sincerity. Another reason is that no matter how much the so-called national leaders may consider it good policy not to take the House this time, the individual Democratic members want their chance at the committee chairmanships and extensive House patronage, and would be furious at any House leader who "ducked" when it could be obtained for them. Still another reason is that Mr. Garner has wanted to be Speaker ever since he entered public life. He has worked himself up to the place where the prize is almost within his grasp. It is a little ridiculous to expect him to renounce the job because a few self-constituted party leaders think it would be better politics to do so. It is particularly ridiculous when two things are considered: first, that the wisdom of these outside party leaders is yet to be demonstrated; and second, that the House Democrats are unanimous in their desire to take control and would be pretty nearly unanimous in their resentment if the chance were turned down. No, I take no stock in this "refusal-to-take-responsibility" idea. Notwithstanding the way things look now, the Democrats may find themselves unable to elect their Speaker, but if they can they will. That, I think, can be set down as reasonably sure.

Washington. T. R. B.

Mees Macy

YOU NEED only the smallest handful of friends in Venice to hear of Miss Macy. Almost any Venetian will tell you some story of her, sometimes with a quietness that goes with what is pathetic and beautiful, sometimes, with admiration for hard work and long years and goodness, sometimes in one key and then in another, but always with zest and delight. They know nothing of Illinois, where in 1854 she was born, and Ohio, where her first years were spent; nor of Vassar and Boston, and the artistic and humanitarian impulses of her youth; nor that it was some sort of feeling of uncertainty and failure that led her abroad, to England, to Germany, wandering and working here and there, making friends always, urged constantly by prominent and influential persons to settle into writing or sculpture or painting, for which they felt her talent to be so great. Some of these Venetians know that she made copies of various sculptures and discovered processes of coloring and texture that gave these copies the aspect of important pieces and drew all sorts of purchasers, from collectors to kings and queens; and that her gift for architectural models brought her before such institutions as the South Kensington Museum, the Metropolitan Museum, the Boston Museum and the Kaiser. They all know that she lived in Venice forty years or so, that her friends were the Queen of Italy, the great Duse, the princes, the authors, the artists, numberless Italians, English, Americans, and the gondoliers, the children, the sick and the poor and the dogs of Venice. They have all seen that short, rather hearty figure, with the white hair, the fantastic, careless smocks and working clothes or the one silk gown, and that fine air about her. They know she was an eccentric and a saint. And what they love and delight in most is the fact that she never learned any very strict Italian, not from schools and books. What she spoke came from the people themselves; their beloved, inextricable dialect was what she spoke; no gondolier could rip out Venetian better than Miss Macy.

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It is only a little while ago, sitting before the wood fire, with the white, quick rain of early spring outside hiding all the towns and hills and the farms with their vineyards and poplar trees, that we were talking of Miss Macy. Someone was telling how she would take the *traghetto* across the Grand Canal, the fare for which is twenty centesimi—a fifth of a lira—and digging into her purse would leave for the gondolier whatever happened to be there, a handful of coins it might be, earned by that labor which might have made her a solid citizen if it had not been spent or borrowed or given away as fast as it came in. But there were times, someone else puts in, when she knew hunger and cold, with nothing sold, nothing on hand. All through her years in Venice, save when her friends obliged her to stay with them a little, she pared her living down to the bare bone. Someone told how at times even Duse stuck at the lengths to which her friend might go, bringing up some beggar or poor wretch from the streets to eat with them. You worried about Miss Macy, you wanted to mend her ways of living, you brought in the doctor to lecture her, and all the while you adored her, fed out of her heart, were corrected and chastened by what she was.

Presently the hostess brought D'Annunzio's article about the nun of Ca' Frollo, which was a name Duse gave Miss Macy, and read some of it aloud, with the beat of D'Annunzio's excessive and magnificent Italian and the occasional, rich exactness of his lyricism. When that article appeared—it is a chapter in the "Faville del Maglio"—people were coming all day long to Miss Macy's door, bringing gifts and flowers, everyone rejoiced because it was so deserved, and the English nurses at the hospital took it for their Italian lesson, turning it slowly day by day into their own English. We heard how she came to meet the poet—who had been sent to her to learn some method of toning plaster casts—dressed in her workman's smock, her eyes blue, her hands rough and strong. He speaks of the studio; the beautiful work on every side; she is like a nun passed from contemplation into action; treasuries of goodness, long-suffering, courage and love are in her eyes. The garden outside darkens to twilight, she sits on the window-sill talking of her work. The lamp is lighted; he sees more clearly here and there "the symbols of the tilled earth, and traveled sea-corn, reeds, pomegranates, the model of an old galley." He too works, he tells her, and shows his middle finger deformed by the constant use of the pen, a smooth ridge and a horny lump. She takes his finger, examines the mark. Then suddenly, in an act of human grace that he will never forget, she touches it with her lips. "God bless you always," she says.

When the terrier comes into the room, his mistress shows us letters from Miss Macy to him, she was a great friend of his; the letters mount to a little pile. They are from a genius, but they are family letters of the truest sort, and tell everything. "You vain dog," one of them says, "the portrait flatters you and your mistress is a first-rate animal painter . . . WHAT has happened to your tail? A dog without a tail is like a woman without a tongue . . . If you bring your mistress to lunch with me, you shall have a TURKEY leg . . . a real Christmas drumstick . . . you shall have it any day you make your mistress come for lunch." . . . She has a great deal to tell Foxy about the American consul and other people at whose teas and dinners she has been, and about the dogs at these establishements.

The whole company of us talked of Miss Macy for a long time, of her bouts of temper and high spirits, her loyalties and boldness, and of her teaching and theories, so highly esteemed that after her death the Italian government named a school after her and put up a tablet. The more I heard these stories and descriptions the more I knew that there was a figure nobody could convey, a temperament that could alone express itself, a life, tragic, grotesque and marvelous, whose record could never be anything beyond either mere aspects and facets as they might appear in casual reminiscence, or else the stultification of mere respectable narrative.

I am not surprised, then, to find the Miss Macy of this biography,[1] written by two of her friends, something more than lusterless. The book does the best it can, no doubt, and the portrait painted is worthy and not displeasing, the life recounted is varied, errant and active enough. It is so clear that the authors were able to swallow this astonishing woman without being able to digest her, to turn her into flesh and bone, that the interested reader can easily pass into his own impression of what might have been conveyed by a history of her and what is now and again indicated in the selections from Miss Macy's own writings and letters. The various judgments, recollections and commendations of Miss Macy included in the volume are for the most part flat and careful. You might get the impression that very stale fowl were attracted into these rough, deep waters. But I myself have known a little several of these persons whose opinions are quoted; they are not so contraceptive as they sound. It is only that such beings as this friend of theirs—who sometimes I am afraid rather used them as donations for her poor—are a sharp test of their natures, and that, confronted with her as a subject, they either cannot let themselves go—poor humanity!—or else they cannot write—which is not their fault! I am not sure that I would have gone on with "The Nun of Ca' Frollo"—if I had not already heard so much of its subject; but putting two and two together, I should say that, for lack of a better history, this book is more than worth reading. Miss Macy's theory of education for children, on the "Eat, Earn, Pay" basis, the only sane principle of human society, is stated clearly enough. Her own accounts of visits to the houses of poor people, of the days during the War and the Austrian raids, of working at the famous model of the Doge's Palace, of its loss in a London fire, as it was on its way to America, of the school at Murano, and other interests and events in her life, are lively and persuasive. The volume affords, too, some of her sharp, salty and wise sayings, though not as many of them as might have been one way or another included.

> Duse had an infernal time in Venice. That young poetess browbeats her. It was incredible to see the great maternal over-soul brooding over the little crow. She offered all, all to the girl . . . she was oblivious of herself. . . . . It is "the utmost to the highest" with Duse, and the highest is the ideal which she imagines to exist and yearns to help. I never saw spontaneous self-sacrifice like hers. No self in it! All very well for Duse's soul development, but he who takes all and

[1] The Nun of Ca' Frollo, by Clementine Bachelor and Jesse Orr White. New York: William Farquhar Payson. 321 pages. $5.

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gives nothing is base, so she is high who gives all for nothing. It's a mistake. Better an eye for an eye, love for love—a fair game! If the parasite had not insulted the profession, the Art, she would not have lost her grip. That's what settled her. It was nothing personal.

When I returned from the Villa Serbelloni, there was a stack of business letters, some of them from people who do not play fair, some of them from angry people who want their work done instantly. When Nanni [her old servant] came and saw me in despair over these letters, he looked like an anxious dog, and I clasped my hands over my head and said laughingly, "Behold Saint Sebastian punctured by the arrows of his enemies!" He answered, "The angel whispered to Saint Sebastian so that he did not feel his martyrdom. You'd better listen, Signora." And I looked at the grimy, unshaven, capable friend and thought, "You are my angel."

Mind you, the three-year-olds [in her school] earn their prunes by the sweat of my brow if not of theirs.

I certainly have not much business capacity, but sometimes strange things are done by means of me.

"Bubi," I said to him [the dog], "if we meet President Wilson, I'll take your muzzle off and you do the rest."

In the afternoon of July 23, 1927, in the midst of a storm, Miss Macy, despite the protests of her friends and her gondolier, insisted on setting off across the open lagoons to Murano, as she had often done before in rough weather. At dawn next day the two bodies were found on the shore of the Isola del Deserto, where the storm had been most violent.

All talk about such a person as Miss Macy must remain in the nature of mere anecdote. It was a life full of energy, incessant adventure and resource. It was a nature far more than most natures expressed in activity and enterprise, and yet, by the same token, it remained unexpressed. It was Franciscan in the most accurate, rough-and-ready sense, and in its sense of the love of life, fire, water, human hunger and impulses. At the same time it was incredible and remote; and in the vast silence of this tenderness, solitude and power she lived. STARK YOUNG.

A COMMUNICATION

A Communist Looks at the Depression

SIR: Duluth, queen city at the head of the Lakes, sits astride Lake Superior with her back to the great wheat belt of America. Duluth makes and ships steel, gathers to herself the dairy products of the great state of Minnesota.

I had been in Duluth three hours when I heard the story.

"You sure of that?" I asked.

"Positive," Norman said, "I saw the woman and the kids with my own eyes. Come with me and I'll prove it to you."

Norman, the organizer of the Unemployed Councils of Duluth, took me by the arm. We walked along the edge of Lake Superior for half an hour—past Fifth Avenue shops on Superior Avenue, past glittering windows, past the rollicking Four Marx Brothers clowning on the posters. We walked to the ramshackle section of the city where the Finns, Negroes and French-Canadians live.

He knocked on the door of a two-story frame house and a woman came to the door.

"Mrs. Lahdi," Norman said, "we're holding a protest demonstration tomorrow in front of the City Hall. We heard you are starving here with your kids. Is it true?"

Mrs. Lahdi, her blue eyes faded almost colorless, invited us inside.

A little kitchen—a bare, dark room. The stove stood forlorn in the corner and around it were two chairs and a table. Three plates on the table, empty, and very clean. Glittering pots on the stove, also empty. I looked toward the open cupboard. It was bare as Mother Hubbard's.

"My husband Rolf went away to Minneapolis to look for work. He can't find any. It's now seven months. He can't send money home. The city won't help us no more."

"And now?" Norman prompted.

She shrugged her shoulders. "Now there is nothing."

"You know Peter Wendel?" Norman asked.

She nodded.

"Pete told me you had to eat your dog." Norman said it easily, as though such things are commonplace in 1931 America.

Mrs. Lahdi sat down and folded her hands in her capacious lap. "It was our pet dog," she said evenly. "But I got three young children." She shrugged her shoulders. "We had nothing else for five days."

"Where are the children?" I asked.

"Out," she said. "They can't stay home. I got nothing to give them. They go out for long walks. Sometimes they bring something home."

Before we went away, she took us into the shed and told us to look out into the yard. A small cross stood planted crooked near the fence.

"The young ones buried Oscar's fur. He was a pet for a long time," she said.

In Van Dyke, Michigan, a satellite town of Detroit, where migrant Kentuckians, Illini and other natives of the great Middle West live, I saw a ragged procession of two hundred men, women and children march down the main street toward Six Mile Road. They carried banners, "Fools Starve—Men Fight"; "Our Children Are Hungry."

The children sang, the women screamed and the men cursed as we dismantled the store. A stalk of bananas went under a coat. A small tub of mackerel went waist-high between two gaunt Southerners, probably Kentuckians, who said, as they lugged it out, "We-all'll eat fish foh a while, anyhaow."

A calicoed gamin in pigtails hugged a ham; her mother bore pyramids of Kellogg's cereals; her husband carried a leg of beef.

"Mr. Licht said he couldn't do nothing for us," a round-faced woman in a large black hat said as she stuffed a bologna, five loaves of bread and seven or eight cans under her arm. "Well, we're a-helpin' ourselves. We won't starve while there's food on shelves."

Youngstown, Ohio, is the typical American industrial city. You walk down the street with fire from the blast

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furnaces pluming to heaven. Negroes jostle Mexicans and Southern whites walk with Croatians down Federal Street.

The unemployed met in a large bare cement room. The Negro standing on the platform was gray-headed and his voice boomed louder than Gabriel's horn.

"It's one thing," he was saying, his large black hand outstretched, "t' stahve when they ain't no vittles. But," the fingers curled into a fist, "when the stores is full—then we gotta do somep'n."

"Amen, amen," comes up fervidly from half a dozen parts of the room.

"The boss man says to us, 'Go 'head, workin'man, and stahve.' What's we gonna say to the boss man?"

"Ef you won't give, we'll take," a small, dark woman shouted in the front of the hall. "Mah kids gotta eat."

The next day the City Hall was stormed. The City Council met the delegation of the unemployed, spoke exceedingly courteously and unctuously, and acceded to one of their demands: that the 500 ragged men sleeping in the warmth of the city incinerator be housed in the precinct stations. Before I left, the Negro worker told me of his friend who dropped dead at the furnaces in the Youngstown Sheet and Tube several days before.

The fellow workers carrying the body and its effects out, chanced to look into the lunch kit. They discovered fried potato peelings. "That man war' stahvin', 'n' when they called him back after his lay-off, he couldn't stand the gaff."

Chester, Pennsylvania, is the home of the Sun Shipbuilding and Drydock Company, the Aberfoyle Manufacturing Company, the Scott Tissue Paper Company, the Baldwin Locomotive Works, Worth Steel, the Viscose Company, Sun Oil, a Ford assembly plant, etc.

"When times are rotten all over the country, it's always a little better in Chester," Chesterites say.

The Unemployed Council meets in a long room above the rippling Chester River.

The speaker was a Scotchman and his burr was brittle. His r's rattled like dice.

"So the little gairrrl fainted. The teacher picked her up. 'What's wrong, Mary?' she asked. The little gairrrl shook her head. Then she told the teacher she was hungry. 'Hungry?' the teacher said, 'Why, you poor child, why don't you go right home and eat?' The little gairrrl said it was no use to go home. 'T'day ain't my turn to eat,' the little gairrrl said. 'T'day's my sister's turn.'"

New York City. JOSEPH NORTH.

CORRESPONDENCE

Wheat for the Hungry

SIR: The Federal Farm Board is perplexed over the problem of disposing of its 200,000,000 bushels of wheat in some way that will not depress the market. Why not turn over a part of it to the Community Chests and other recognized relief organizations, to be distributed to destitute families for food for livestock and humans?

Boiled wheat is palatable when served cold with a little milk and sugar. Rumor has it that the Sage of Northampton regales himself every morning on this tidbit. And fifty cents' worth of wheat will go as far as nine dollars' worth of Keller's Krisp Krumbles or Brendle's Bully Bran. Among the striking miners in the soft-coal regions, families are said to be subsisting upon boiled plantain leaves; dandelions, sour grass and sprigs of wild mustard. That region could absorb wheat without affecting the market.

Governor Pinchot's appeal to the Red Cross for food for the miners' children has been denied on the ground that the Red Cross was established to give relief only in catastrophes that are "acts of God"; and the depression in coal mining cannot be so classified. It may occur to the reader that if we are going to discriminate, we might better relieve the distress due to the blunders of men, and ignore the other kind on the theory that God knows his own business. Anyway, let us be thankful to the Red Cross for help in getting our classification straight.

Denver, Colo. F. S. KINDER.

The Prisoners' Relief Fund

SIR: The Prisoners' Relief Fund, whose letter appeared in your issue of June 17, is raising funds for the immediate relief of the families of Peter Zigarec and Michael Phillipovich. These two men were killed by coal-and-iron police and deputies, the first on June 22 near the Wildwood mine of Butler Consolidated Coal Company, the second when Pittsburgh Coal Company mercenaries fired on pickets at Arnold City, Pennsylvania, on June 23.

Zigarec leaves four children while Phillipovich had a wife and five children ranging from two to ten years of age. A member of our committee, Robert Cruden, who visited both families for us while in the strike region recently, reports that the children are "very poorly clothed, have neither shoes nor stockings and are obviously suffering from malnutrition." He urges us to help them at once.

Contributions for the families will be used for food and clothing which will be given through a member of our committee. Checks may be made payable to Grace Hutchins, Treasurer, and mailed to Prisoners' Relief Fund, 80 East Eleventh Street, New York City.

New York City. ROBERT W. DUNN.

The Berger Foundation

SIR: A movement to honor the memory of the late Victor L. Berger by perpetuating his service to minority causes was recently launched by 300 men and women, drawn from the ranks of organized labor, the peace movement and various liberal groups.

The Foundation, organized under the laws of the District of Columbia, proposes to create a permanent fund to assist in the maintenance and extension of a press which will voice the aspirations of those who do not believe that we have attained that degree of civilization which science and progress have rendered possible. It is proposed to begin with The Milwaukee Leader, which Mr. Berger founded, and which, under his leadership survived the terrific onslaught which was aimed at it during the War. By improving and enlarging its facilities, a national edition will be established to bring to the people a daily message of international peace, social and industrial justice, political democracy and civil liberties.

A long list of distinguished men and women are among its sponsors. Mr. Clarence Darrow is president. They feel, with him, that "there never was a time in this country when there was more need to consolidate the liberal forces in politics than now. The people of the world are hungry and ragged because they produce too much food and clothing. Victor Berger's name stands for a long, courageous and intelligent fight for the disinherited of the earth." Those interested can obtain additional information by writing Clarence Darrow, President, 907 Fifteenth Street, N. W., Washington, D. C.

Washington, D. C. MARX LEWIS,
Executive Director.

Where It Belongs

SIR: Couldn't they put the wheat in the bread?

MARY NELLES.

New Haven, Conn.

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Quebec, Nebraska and Pittsburgh

Shadows on the Rock, by Willa Cather. New York: Alfred A. Knopf. $2.50.

THIS IS a very delicate and very dull book. There is not a page in it that is not consummately written, and scarcely a page that leads one irresistibly on to the next. No doubt Willa Cather recaptures in it, as Mr. Knopf says on the jacket, "the very tone and feeling of the seventeenth century in this old French city [Quebec]": indeed, there is no denying that "Shadows on the Rock" is exquisitely and artfully evocative. Willa Cather would not be Willa Cather if she did not make you feel that Quebec was like this, exactly like this, in the last year of Frontenac's life—from the quality of the winter sunlight on the St. Lawrence to the décor of an apothecary's shop and the relations between the old bishop and his successor. As in "Death Comes for the Archbishop," moreover, there is a group of historical and imaginary characters—a skeptical apothecary, the aged Governor-General, a dashing young fur-trader, a somber old bishop and a haughty younger one, a shoemaker, a Jesuit missionary, a reverend mother—all of whom have that curious literary charm that comes from talking more or less like real people and acting more or less like historical celebrities. Auclair and Charron and Saint-Vallier combine the accent of reality with the tender blur of distance; and the product, to a certain taste, is captivating. At the very least, it argues both insight and craft.

But it is not enough to make a good novel, and "Shadows on the Rock" was born dead. Whatever beauty it may have is not the kind of beauty that expresses life. The book is as lovely, as fastidious, as lacking in movement and perspective, as if Puvis de Chavannes had painted it on the walls of some public building. Miss Cather does not believe deeply in this material; she gets into no serious relation with it: it appeals to her literary taste, to her fancy, to her mood of elegy and reminiscence, but not to her convictions or to her imagination. As a result, it has no center and forward drive. One is not allowed to focus one's interest in any single character, in any single situation, in any single development. No doubt it may be said that the center of the book is not this character or that, but the place itself, Quebec. Then there is something wrong, for Willa Cather, with the very subject. She herself once remarked that a writer gets his real material from the experiences he has before he is—I believe it was twelve: at any rate, some early age. In writing about Quebec in 1697, then, she pays the penalty for dealing with material that does not have and cannot be made to have deep significance to herself: it fails to enchain the reader. Is this why one of the characters in the book says, with some bitterness: "You see, there are all those early memories; one cannot get another set; one has but those"?

At any rate, there are not many things in "Shadows on the Rock" more striking, to an admirer of Willa Cather, than this speech. It could be made the theme of an essay not only on her whole work but, with the right changes, on the work of her literary generation. Why do three or four of her best books have a genuine largeness of contour, a genuine density of implication, and why, nevertheless, has she written so many weak books, in proportion, and, at last, so disappointing a book as this? She is a writer of distinguished gifts and austere purposes, yet she is a writer who apparently has never come to grips with the real life of her time, whose triumphs have been too often the triumphs of what seems like judicious evasion, who at all events writes as if mass production and technological unemployment and cyclical depressions and the struggle between the classes did not exist. The answer to the riddle is in Pierre Charron's words: one cannot get another set of early memories; one has but those.

The best of her books embody an individualism, an atomism, a fissility, as well as her worst. Her theme has aways, it is true, been the theme of loyalty, of fortitude, of fidelity to certain values or purposes; but it has always been the loyalty of "self-reliance," and the values have always been conceived as endangered, not as fostered, by the society roundabout. Society, for her as for Emerson, is in a conspiracy against the manhood of each of its members. So Alexandra Bergson, in "O Pioneers!" succeeds in her struggle with nature in spite of her family, not because of it; and even her triumph is overshadowed by the hostility and the meanness of her neighbors, so that she never really escapes from isolation. Thea Kronberg, in "The Song of the Lark," devoting herself to a singer's career, has first to overcome the cultural handicaps of life in Moonstone, Colorado, and, later, the obstacles offered to any such career by life in Chicago and New York. It is not only nature and "fate," in "My Antonia," but misunderstanding and pettiness and a sort of social drought that play havoc with Antonia Shimerda's life; and the mellowness she wins through to at the end, grand as it is, is envisaged as a purely private victory. And so that tale runs on: the corruption of Mrs. Forrester, in "A Lost Lady," by surrender to the cheapness of the life about her; the contrast between the dead sculptor and his erstwhile small-town congeners in "The Sculptor's Funeral"; the frustration of Claude Wheeler, in "One of Ours," by his family's lack of understanding, his wife's bigotry and selfishness and his neighbors' dullness; St. Peter's sense of separation from his wife and children in "The Professor's House"; Latour's conflicts with his superiors and with his superstitious flock in "Death Comes for the Archbishop"—always the struggle between an individual and his group; always the separatism of the pioneer; always a personal triumph or a personal defeat.

In any event, the impressiveness of Willa Cather's best work remains untouched. Her individualism had its roots deep in a social earth, and hence it is emblematic and expressive. It was really composite, indeed, for it represented not only the decentralization of the frontier, but—more indirectly and unconsciously—the abandonment by American writers, of the elder generation, of the class to which they technically belonged, the middle class. And certainly the conflict between the individual and the group is a permanently valid theme both for comedy and tragedy. But everything depends on the way in which it is looked at; and the writers of Willa Cather's period never arrived at that individualism which is enriched and pointed by allegiance to purposes embodied in a social group or class. Their juniors, too, indeed, with a few honorable exceptions, have not yet passed beyond the phase of disloyalty for its own sake. But they cannot long postpone "the moment to decide": they will do well to remember the dismal circle, on the margin of hell, populated by the disconsolate shades of the angels who, in the great rebellion, were too "detached" to take either side—*questi sciaurati che mai non fur vivi.* For a generation, American writers have had a holy horror of taking sides positively: they have regarded their responsibility as discharged by

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their not taking the side of the directing class. That is why their individualism, like Willa Cather's, has had its day, and now more and more betrays its incurable sterility.

NEWTON ARVIN.

Political Personalities

The Mirrors of 1932. Anonymous. New York: Brewer, Warren and Putnam. 247 pages. $2.50

Washington Merry-Go-Round. Anonymous. New York: Horace Liveright. 366 pages. $3.

THE ANONYMOUS book political in character is of honorable lineage. It was often a passionate and daring vindicator of human spirit against tyranny and oppression. Or it was a savage attack upon hypocrisy and corruption. There was Junius. There was Voltaire. Other times, other manners. Books originate now not always in the passion of authors for right and justice, but in the business sense of publishers. If publishers had been as enterprising in the days of Junius as they are today, there would have been half a dozen Juniuses all publishing scathing letters. Or in the days of Voltaire, there would have been so many anonymous pamphlets written in imitation of the Sage of Ferney that he would have required an airplane to make his frequent exits into Switzerland.

The anonymous book about political personalities serves a useful purpose, because newspapers grow less and less critical. They act on the theory that readers want only the news of the day and are indifferent to appraisements. Newspapers supporting the party in power indulge in few or no criticisms of the administration. Criticisms by newspapers of the opposition are subject to instant discount; "independent" newspapers generally have readers of both parties and find it more profitable to have no opinions than to have decided opinions which may alienate readers of one belief or another. And Pollyanna is highly respected in many editorial sanctums and business offices. There are notable exceptions, but in general, with the decay of partisan journalism, there has come about a more complete and adequate presentation of the news, with a delegation of the task of forming opinions to the readers themselves, who may find the Truth, if they can, amid a multitude of truths.

So criticism is left to the book, the very occasional book. But why the anonymous book? Because of the authority of the nameless printed page, which the newspapers long ago discovered, and because of the curiosity which the anonymous book piques. But such a book must not spring from some publisher's enterprising desire to make a sensation or to appeal to the sadistic instincts of the masses who find pleasure in thinking how "so and so must writhe when he reads what is written about him."

So there are temptations which beset the writer of an anonymous book on politics and political personalities that supplements the political press, temptations quite the opposite of those which beset newspaper editors.

The writer of "The Mirrors of 1932" has been led into these temptations much further than the decalogue allows. The book itself is not quite ingenuous. It is entitled, printed and illustrated to create the impression that it is in a series with the original "Mirrors of Washington" of ten years ago. And it is frequently presented as a sequel to that earlier work. But in an important essential it is different. It is not by the same hand or hands that wrote that book, whatever that book's faults may have been.

And the author disregards one element of effective writing of the kind he attempts: the effort to be effective and fair. The author does not portray his characters; he assaults them. He never lets them exhibit themselves in their deeds and words; he expresses angry editorial opinions with regard to them. He is unaware of the complexity of the human personality, the strength and weakness, the honesty and hypocrisy, in one and the same man. He sees what seems to him a contradiction between Owen D. Young who consolidates corporations and Owen D. Young who makes liberal and humane professions of his faith in his speeches. He solves this contradiction easily: Mr. Young is a liar whenever he opens his mouth.

He oversimplifies his characters—which makes denouncing them easy. They become in his hands single-trait personalities, not rounded human beings, but scarecrows, clad in a single epigram each. President Hoover is the boy who never went to the swimming hole with the other boys. Senator Morrow is the poor little rich boy of the Senate. President Coolidge was a President whose administration was divided between a "daze and a doze."

He discourses of the possible candidates for President in 1932, nearly all of whom are millionaires. He has one simple explanation of the vices of most of them—money is the root of all evil. It reminds one of Bryan's ingenuous remark, "No one can honestly make a million dollars," subsequently amended when Bryan found out how easy it was to make a million dollars to "No one can honestly make ten million dollars." The author has not had the second revelation of the older Bryan.

No prejudice is unworthy of his appeal. When Satan Raskob, according to the author, took Al Smith atop the Empire State Building and showed him the Kingdoms below, Al Smith looked not toward the place of his humble origin but "toward Park and Fifth Avenues." What is it that says the Irishman and the Catholic, having risen in the world, shall not cock an eye at Park and Fifth Avenues, or at the presidency, for that matter? Nothing but the Ku Klux element that is found in practically all old-stock Americans.

If you wish to see why these sketches are weak and ineffective, read the sketch of Secretary Stimson, "Wrong Horse Harry," in that other anonymous political book, "Washington Merry-Go-Round." There is a picture of a real human being in all dimensions. There is a malicious eye for Mr. Stimson's weaknesses, but a just, appraising eye for his elements of strength. The Secretary of State comes from the author's hand an understandable person. You are convinced by what the author says, in one of the best of contemporary portraits of Washington public men.

This book differs greatly from the distorting "Mirrors of 1932." It springs honestly from the itch to tell—something, it is not always clear just what, for the book lacks unity of purpose, being obviously by three or four writers, of different styles and different points of view. One or two of them are mere spectators of the merry-go-round, amused and ironical. One or two of them want to turn the merry-go-round into a tabernacle of the Lord.

All the gossip of Washington is here, all the "dirt" of a decade. Even the story of the Mellon divorce, whispered usually with bated breath, is offered in cold type. A Senator, named in the book, plays "footie" with a woman dinner guest who sits near him at the table. Secretary Stimson is bluffed into letting General Smedley Butler write his own sentence for maligning Mussolini. Such a tale as this presents solemn Washington off its guard. The gossip which the Capital loves to whisper but hates to see in print makes interesting reading, and this is at its best an interesting

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book. Greater accuracy, surer writing and a more uniform aim would have improved it.

The chapter on the Washington correspondents is written by one of the reform authors. So seldom is informed publicity turned upon the gentlemen who control publicity that more ouches are heard in the press gallery than anywhere else. CLINTON W. GILBERT.

Nobody Hollers

"Gimme," or How Politicians Get Rich, by E. H. Lavine. New York: The Vanguard Press. 298 pages. $2.50.

MR. E. H. LAVINE has had twenty-five years' experience in New York City as a police-court reporter; he has heard and seen a lot of politicians, gangsters and policemen—in the order of their importance. He tells us all he knows, but unfortunately his book lacks the necessary unity to make his fascinating material coherent, for it is a collection of political horrors without any connecting links. Reading it, however, gives one a great deal of light on the raw material of New York's shame.

Mr. Lavine starts with the politicians and office holders who sell corruption and favors, and naturally slides from them into their customers and aides, the gunmen; from them he arrives just as naturally at their friendly enemies, the police, and brings up the rear with an account of the miscellaneous graft, such as children's twenty-five-cent lunches in the schools of the city, booze, narcotics, receiverships and obliging magistrates. In order to show that he has no hard feelings, he publishes a last chapter with news items of corruption from many cities in the United States and Canada and one from Shanghai, China.

One of the keys to the situation is contained in the anecdote Mr. Lavine gives of the righteous young American who resented being told by a dangerous party "worker" to declare the party he was going to vote for before he placed his vote in the ballot box. The indignant young man still thought there was a secret ballot, and a battle almost resulted. The policeman assigned to the polling booth rushed up. "Don't mind him," he told the voter, "he's a little rough. You don't know what it's all about anyhow; if you did, you wouldn't risk getting your skull fractured for your lousy vote." Mr. Lavine estimates that about 150,000 illegal names are registered on the voting lists in Manhattan every election.

Another key to corruption is contained in the statement: "As a rule nothing is too difficult or risky if there is enough money involved." Also nothing is too small to yield profit to the corruptionists. "Even the lowly nickels dropped in the toilets of the various public buildings and on the Coney Island Boardwalk are garnered," writes Mr. Lavine. Along with these petty-thieving enterprises came the large public mergers of gangsters, who found that there was safety in strength. Some youngsters, trying to make a name for themselves, do the dirty work—that is, the killings—and Mr. Lavine maintains that the "tough and notorious Frankie Marlow" was killed by "an East Side youngster in quest of a reputation" for $100.

It is notorious that gangsters have taken an active part in the management of trade-union affairs in late years, but Mr. Lavine spoke to one who gave a penetrating picture of his methods: "Nutten to it, kid," he said. "Foist we give de woikers the wire that we is comin' to make dem union guys. Den we ride to de gas joint, call all de help togedder and git them to sign de paper. We collects $5 from each man for his doos, gives him a union card, and he's a union guy."—"Don't they ever object?" Mr. Lavine asked innocently. "Well, we all has our gats in our hands and Louis sits in the back of the car wid the shoo-shoo, machine gun, pointin' at 'em. Honest, none of dem hollers. Why de hell should dey? Before dey joins de union dey gets $30 a week for fourteen hours. After dey joins dey gits thirty-seven and a half smacks for eight hours, and de boss can't fire 'em without seein' us foist. We callect a buck a week from de workers for expenses."

There were a couple of thousand workers in this improvised union. "We has to split wit' de bulls and bosses," the gangster remarked. The bulls and the bosses get them postponements, if they are brought into court, and Mr. Lavine remarks: "A postponement is frequently as valuable to a criminal as a discharge. Witnesses become weary of trudging to court and disappear. Others are either bribed or intimidated; their absence results in an acquittal."

Mr. Lavine records: "It is estimated that a murder occurs in this country every thirty minutes and, according to criminologists, there are 135,000 murderers walking about free in the United States." The police, according to Mr. Lavine, are busy grafting from poor and rich alike and beating up strikers. He gives instances of gunmen who held up the politicians whose club was next to the police station; they were Republicans. And he also tells of the thieves who broke into Mr. Whalen's new Police College and stole everything that was removable, including electric-light bulbs. M. R. WERNER.

Methods and Motors

Ford Men and Methods, by Edwin P. Norwood. New York: Doubleday, Doran and Company. 201 pages. $2.

ON THE JACKET of "Ford Men and Methods," it is stated that the emphasis of the book is "not on the machines but on the men and the methods through which it [the Ford organization] functions." The fact is that the emphasis is preponderantly on machines and methods, and that the men appear only as labor motors, pestiferously requiring daily transportation to and from the plant, and pestiferously subject to injuries, to infections and to the thousand imbecilities which affect the human mind.

But disregard the statement on the jacket, and one has probably the best survey thus far made available of the Ford industrial pattern. Mr. Norwood first considers the conveyor system as a whole and succeeds in giving one a quite clear idea of the coördination of its purposes and parts. After this he passes to the traffic division, picturing railroads, ships, trucks and airplanes as forming an extension of the conveyor system within the plant, but differing from the interior system by being managed rather than controlled. Other phases covered by the book are plant cleanliness, hygiene, employee transport, salvage, the trade school, the pay office, safety and the investment plan for employees. On the whole, Mr. Norwood keeps his eyes wide open and his enthusiasm within bounds. Occasionally his writing is a trifle flat and obscure, but the integration of his material is carried out far more satisfactorily than has been the case with other books of the kind.

I note relatively few errors of fact in "Ford Men and Methods." Referring to conveyors, Mr. Norwood declares that "without them there would be no such thing as quantity production." The key characteristics of quantity pro-

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duction, however, are a standardized product, the intensive division of labor (with its concomitant repetitive expertness), and the interchangeability of parts. Eli Whitney applied these principles successfully to government arms manufacture before the close of the eighteenth century. R. E. Olds used them in the early 1900's to produce as many as 4,000 Merry oldsmobiles per year. They were responsible for the advent of the dollar watch. In none of these instances, so far as I know, were conveyors employed —yet the results were in no way distinguishable from those achieved by conveyorized production today.

MURRAY GODWIN.

In a Rat Trap

The Caliph of Bagdad: Being Arabian Nights Flashes of the Life, Letters and Work of O. Henry, by Robert H. Davis and Arthur B. Maurice. New York: D. Appleton and Company. 424 pages, illustrated. $3.50.

THIS IS an unusual book. It is a piece of straight journalism, lachrymose but unblushing; and yet, while O. Henry is remembered at all, it will deserve to stand as the definitive account of the man and of his method. Moreover, literary historians will find it a valuable footnote to the records of one American era which really deserves to be called a cultural period.

O. Henry's work grew out of the temper, and was acclaimed by the taste, of a generation which became dominant when first the White Squadron was sent nosing into tropical harbors. Midway through that generation—it was early in 1902—W. S. Porter came to New York, and trained the glass bottom of his beer mug upon the life of "Little Old Bagdad on the Subway." "The Four Million" already were crowding beyond the metropolis, and the subway was being extended from Bagdad to the Bronx. One E. A. Robinson, a time keeper on that job, had years still to wait for editorial recognition of his verses; but W. S. Porter, alias Olivier Henry, alias James L. Bliss, had a notion clearer than any poet's of what the editors needed. Not "The Man Against the Sky" but "The Gentle Grafter" would suit their book. Metaphysics could wait, while one man's verbal ingenuity turned what had been the picaresque tale into what thenceforth would be the O. Henry formula. One is tempted to play literary historian, and call that time the Free Lunch Period of American letters; for, as effectually as though their names had been written in beer upon wet mahogany, the reputations of O. Henry and his fellows were wiped out when the last tray of hot sausages, skewered with toothpicks, was passed around the back room at Con's, and the place was converted into a flower shop.

Despite the successful efforts of Mr. Maurice and Mr. Davis to draw their friend's portrait in the round, the Will Porter of these pages remains essentially the O. Henry of earlier estimates. Here is the familiar story of an amiable, soft-spoken opportunist of life and letters: one who, seemingly, earned literary fame, as he had incurred a jail sentence, by putting off his obligations until he was cornered and forced into a spell of feverish effort. Shame for his stretch in the Ohio penitentiary shadowed all the years after his release; and his whole concern, during the time when Mr. Davis knew him, seems to have been to preserve a well dressed anonymity. In barrooms and shooting galleries, on park benches, and through amorous adventures solicited at so much per agate line, he enjoyed experiences; but he never became experienced. By sheer narrative skill he turned his experiences into quick profits, but, to use the idiom current in a changed Bagdad, his stories had everything except what it takes.

Drink and passion are said to be the two pitfalls of the journalist; and from passion, at least, O. Henry was free; for, like many another man of talent who has been forced through psychic bankruptcy, his flesh was willing but his spirit was broken. Perhaps that is why he left nothing more than eight pages of manuscript—and an unfinished prospectus—to show for that "*true* record of a man's thoughts" which he had projected, about a hero of whom he said: "I want this man to be a man of natural intelligence, of individual character, absolutely open and broad-minded; and show him how the Creator of the earth has got him in a rat trap—put him there 'willy-nilly'; and then I want to show what he does about it."

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Book Notes

BELLES LETTRES

THE PHYSICAL BASIS OF RIME, by Henry Lanz. *Palo Alto, Calif.: Stanford University Press. 365 pages. $6.75.*

Proceeding from the postulate that vowels in speech, measured as waves of sound, are equivalent to musical tone clusters or chords, Dr. Lanz concludes that our pleasure in rime is a musical satisfaction. Musical emotions are those which are stimulated by tones and by nothing else. It follows, therefore, that rime, like music, is independent of the pleasure it affords, in that it cannot be adequately described by reference to the various degrees of pleasure resulting from it. It is definable only in terms of itself. In this manner, Dr. Lanz tries to establish the independence of a large realm of esthetic phenomena. Poetry, he says, does not express, it creates emotion, and it does this by virtue of its acoustic properties, independently of its meaning. . . . But even if we accept the fact that poetry is an acoustic phenomenon, it seems clear that the meaning of a line does alter the reading of it to a measurable degree. The tendency to limit the judgment of poetry to a measurement of its vowel and consonant sequences, to divorce poetry from meaning, seems in this book to be carried a little beyond the limits of good sense. Dr. Lanz is a Russian, but the method he employs suggests the more vulnerable side of German scholarship.

VERSE

BLUE HARVEST, by Frances M. Frost. *Boston: Houghton Mifflin Company. 113 pages. $2.50.*

Miss Frost, in spite of her undoubted lyrical gift, and her eye for natural color and detail, lacks the power of lyric emotion necessary to lift poetry off the page into the delighted memory. Her echoes are deftly concealed, yet they persist, so that many of her poems hark back to a certain, if elusive, original. Her work is neat, not precise; tentative rather than delicate. She writes well enough, however, for the lesser feminine tradition to claim her without a qualm.

DEATH AND TAXES, by Dorothy Parker. *New York: The Viking Press. 62 pages. $1.75.*

The statement that Mrs. Parker is at her best a wit, and at her worst an inverted sentimentalist leaves the question of her ability as a poet more or less unanswered. It is when her wit functions that her verse attaches itself briefly to poetic processes, since the effect of surprise may well be brother to the effect of esthetic delight. Her wit contributes not only surprise but often coherence and form. The verses in "Death and Taxes," however, incline more toward sentimentality gone sour than toward the sharp mind hitting the center of an emotional situation with the sharp phrase. And how curious it is to hear the most popularly accredited lyric voice in the metropolitan area speak in the most

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bucolic and Housmanian tones imaginable. But it is not Housman—some other literary exemplar, or indeed, Mrs. Parker herself—who must be blamed for certain soft touches of style which accord ill with the expressed hardness of spirit: such as spring and beauty, brought in wholesale, and spelled with capitals S and B.

KINDS OF LOVE, by Max Eastman. *New York: Charles Scribner's Sons. 164 pages. $2.50.*

This collection is Mr. Eastman's first book of poems since 1918. It includes poems from "Colors of Life," as well as some even earlier verses. Mr. Eastman's kinds of love are very much alike—indeed, they are practically indistinguishable from one kind: a romantic, adolescent emotion which becomes tiresome when reiterated on one hundred and sixty-four pages. His poetry runs as soft and as fluently as the emotions it expresses. Max Eastman, the rebel, appears infrequently; the poet pleased with and completely uncritical of his poetic faculty is, in these poems, the figure more usually presented. Mr. Eastman has never realized that poetry needs, with a full flow of feeling, some intellectual check, and a syntax at least creditable, if not severe.

World Politics

THE JAPANESE POPULATION PROBLEM: The Coming Crisis, by W. R. Crocker. *New York: The Macmillan Company. 240 pages. $4.*

This is a searching study of an intricate problem. The normal annual increase of population in Japan is proceeding at an alarming rate. Owing to the age-composition of the present population—the preponderance of children, the relatively small number of the aged—the increase is likely to continue during the coming two or three decades. The present density of population in Japan, relative to the arable land, is greater than in any country in Europe. Farm holdings, whether freehold or tenant, are tiny; most of them under two and one-half acres each; two million farmers occupy holdings of less than one and a quarter acres in size. The farmers are becoming radical and rebellious. Japan is unlikely to become a first-rate industrial state, because of the lack of natural resources and sources of energy—iron, coal, petroleum—though there is an abundance of water power; without the coal and iron of Manchuria, Japan would lose even her present position in the industrial scale. After a most painstaking scrutiny of all the economic possibilities, the author comes to the conclusion that the only substantial remedy would be to turn over for Japanese colonization the big islands of Borneo and New Guinea, the northern, or tropical, section of Australia and certain islands in the Pacific. He overlooks the fact that emigration has never yet solved the population problem for any country.

SOVIET FOREIGN TRADE: Menace or Promise? by J. M. Budish and Samuel S. Shipman. *New York: Horace Liveright. 276 pages. $2.50.*

The opponents of normal diplomatic relations between America and the Soviet Union used to argue that such relations were unnecessary and useless: Russia was an "economic vacuum." Lately, they have shifted their ground: Russia has become an economic menace. This book treats Soviet foreign trade as a function of Soviet economy, and presents a detailed analysis, item by item, of Soviet exports to this country. The charge of "dumping," as well as that other charge of "forced" or "convict" labor, it disproves at all points. Incidentally, the book may serve as a good introduction to the study of Soviet economy.

Fiction

THE MISTED MIRROR, by Henry Daniel-Rops. *Translated by R. H. Mottram. New York: Alfred A. Knopf. $3.*

This quiet novel of post-war youth in France, with its acceptance of spiritual struggle combined with a scrupulous avoidance of exaggeration, arouses an admiration for its author, rather than for this specific example of his art. The story concerns Blaise Orlier, whose activities are confined to several love affairs,

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with a cloudy excursion into spiritualism that is never adequately explained. In the words of R. H. Mottram: "We look toward it" [the generation of Blaise Orlier] "expecting to find a counterpart of ourselves; but the mirror in which we expected to recognize someone like ourselves is misted over and the image given back is not our own." The translator evidently feels this phenomenon requires study; the reader is more likely to question the author's portrait of a generation.

SEVEN DAYS, by Andreas Latzko. *New York: The Viking Press. $2.50.*

After the excellent "Men in War," Latzko's latest book is an intense disappointment. Through the machinations of a half-mad laborer and after an incredible series of coincidences, a wealthy German manufacturer comes to spend several penniless days in the slums of Berlin. Under the tutelage of a benevolent doctor, he sees for the first time the miseries and problems of the proletariat, and returns to his life as the Baron Mangien with the intention of instituting paternalistic reforms in his factory. The worst faults of the book are its obvious melodrama and muddled social philosophy.

THE WEB OF YOUTH, by W. E. Süskind. *Translated by Malcolm Campbell. New York: Brewer, Warren and Putnam. $3.*

A notable study of the shifting values and new standards occasioned in Germany by the War. The hero, Fleming, belongs to the intelligent, iconoclastic and slightly bewildered generation to which the War had meant a delightful time at school with temporary teachers and numerous holidays. Fleming pities his schoolmasters, he joins the Youth Movement, he dabbles in Socialism, he speculates during the inflation period, he falls in love, and gradually he gropes his way through the maze of post-war hysteria into a realization of the unchanging realities of existence.

Contributors

WALDO FRANK, author of "Holiday," "Rahab," "Our America," and several other novels and volumes of criticism, has completed a study of South America entitled "America Hispana: A Portrait and a Prospect," which will be published in September by Scribner's. Translations of the book will also appear at the same time in Spain and Buenos Aires.

JOHN T. FLYNN, formerly managing editor of The New York Globe, is the author of "Investment Trusts Gone Wrong!," published in The New Republic Dollar Series, and a frequent contributor to financial and popular magazines.

WILLIAM PROHME, who has lived for some time in China, handled publicity for the Nationalist movement during the years of 1925-27, and with his wife published and edited The People's Tribune until it was suppressed by Chang Tso-lin. He is at present doing free-lance writing in New York City.

NORMAN THOMAS, who has been Socialist candidate for a number of public offices, contributes frequent articles to various newspapers and magazines and is the author of "America's Way Out: A Program for Democracy," which was published recently by Macmillan.

JOSEPH NORTH, an editor of The Labor Defender and active in the labor movement, is at present working on a novel whose subject matter is the struggle between the working classes and the capitalist system.

CLINTON W. GILBERT is the Washington correspondent of The Philadelphia Public Ledger and The New York Evening Post. He was one of the authors of "The Mirrors of Washington."

MURRAY GODWIN, who is at present writing copy for an encyclopedia, has contributed to The Mercury, The New Freeman, and to various left-wing literary magazines.

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